



# SKYLINE

CLEAN ENERGY FUND

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2025  
ANNUAL REPORT





# It starts here.

INVESTING IN RENEWABLE ENERGY SOLUTIONS



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Elmira, ON



SKYLINE CLEAN ENERGY FUND

# Highlights

**\$416.6 MM**

Total Assets Under Management  
(As at January 1, 2026)

**94,906 kW DC**

Total Fund Size in Kilowatts  
Direct Current (kW DC)  
(As at January 1, 2026)

**117,139,190**

kWh<sup>1</sup> of Electricity Generated  
in 2025

**8.28 YEARS**

Average Remaining Term on  
Energy Offtake Contracts  
(As at January 1, 2026)

**83.66%**

Expected Revenue Under  
Long-Term Fixed Price Contracts  
(As at January 1, 2026)

**34.65%**

Net Operating Margin  
(As at December 31, 2025)

<sup>1</sup> A kWh (kilowatt hour) is equal to 1,000 kilowatts of electricity used continuously for one hour. This figure is expressed in accordance with the Fund's ownership percentage of the Lethbridge and Elmira biogas facilities (80%) and solar assets (85-100%).

Napanee, ON



# \$19.28

Unit Value  
(As at January 1, 2026)

# 9.24%

Class A -  
Annualized Return 1 yr  
(As at January 1, 2026)

# 9.58%

Class A -  
Annualized Return 3 yr  
(As at January 1, 2026)

# 9.49%

Class A -  
Annualized Return 5 yr  
(As at January 1, 2026)

# 9.03%

Class A - Annualized  
Return Since Inception  
(As at January 1, 2026)

**Class F Unit Information (As at January 1, 2026):**

\$0.01875 Distribution per Unit | 0.10% Yield

**Class F Annualized Returns (As at January 1, 2026):**

9.34% 1-Year | 9.67% 3-Year | 10.09% Inception (2022)



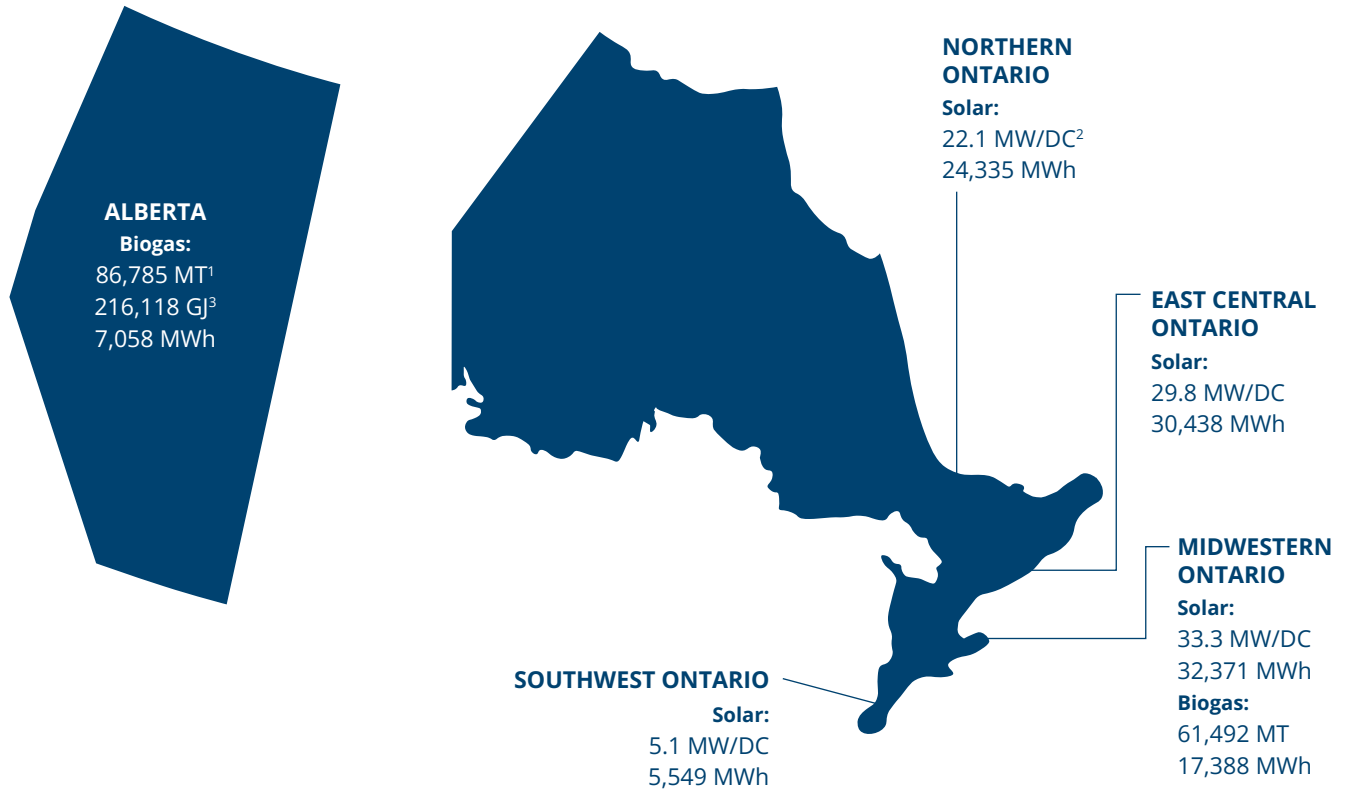




## ACQUISITION HIGHLIGHTS AND

# Clean Energy Portfolio Overview

Skyline Clean Energy Fund (“SCEF” or “Fund”) is a private investment fund comprising a portfolio of renewable infrastructure assets in Canada. The portfolio’s acquisition strategy focuses on operational solar and biogas facilities as well as development opportunities.



<sup>1</sup> Metric tonnes of waste processed. <sup>2</sup> MW/DC: Megawatt of direct current energy; a unit measurement of the output of power. <sup>3</sup> Gigajoule (GJ) is a metric energy measurement used for Renewable Natural Gas (RNG). One GJ of natural gas has the same amount of energy as 27 litres of fuel, 39 litres of propane, 26 litres of gasoline or 277 kilowatt hours of electricity. Source: [www.nrcan.gc.ca](http://www.nrcan.gc.ca)

### ACQUISITION HIGHLIGHT



Four rooftop solar assets in Guelph, ON, adding 908 kilowatts of total generation capacity to SCEF’s portfolio and supporting the continued transition to a cleaner electricity grid.







# Our Purpose

To provide meaningful value and an exceptional experience for each of our stakeholders, while developing strong, supportive, and sustainable communities.

# Our Mission

We bring passion, energy, and determination to make a positive impact with every interaction.

# Our P.R.I.D.E. Values

## **PROFESSIONALISM**

We take pride in the quality of service we provide to our customers and peers.

## **RESPECT**

We value and consider the opinions, feelings, needs, and ideas of others.

## **INTEGRITY**

We are reliable and hold ourselves accountable for our decisions.

## **DRIVE**

We strive for constant improvement and tackle our tasks with passion.

## **EFFICIENCY**

We are results-oriented and look for practical solutions.





*“For us, your trust is not assumed. It is earned.”*





# Building momentum with intention

Periods of uncertainty are one of the clearest ways to reveal an organization's strength.

The past year's shifting economic conditions reminded us of this. As we navigated those conditions, it reinforced the strength of the foundation we've built at Skyline, supported by you, our investors.

Capital markets have remained selective. Economic signals have shifted. Investors have been more deliberate in where they deploy capital and whom they trust to steward it.

For us, your trust is not assumed. It is earned.

For the past 27 years, Skyline has operated with a simple mandate: protect capital, grow it responsibly, and manage real assets with discipline through every cycle. That mandate has not changed. What has evolved is the scope required to deliver on it. Today, that includes supporting investor liquidity, understanding smaller-market nuances, and ensuring our people, including Relationship Managers, operational teams, and senior leadership, are accessible and equipped to answer your questions.

We have always viewed these parts of our business as equally important as the more traditional responsibilities involved in owning and operating institutional-quality assets. As these efforts continue, we have honed our focus on strengthening the infrastructure behind them.

This includes meaningful investment in the systems, data architecture, and governance processes that support our platform. Artificial intelligence and advanced analytics are now embedded within our operating model as practical tools. They enhance how we underwrite, how we allocate capital, and how we monitor risk, drawing on the robust data that we continue to build from decades of experience.

These tools enable us to move information faster and make more informed decisions. They also allow us to communicate more clearly, creating a distinct advantage in an environment where clarity is more valuable than ever.

Skyline is a fully integrated real asset platform. Our vertical structure, national footprint, and disciplined oversight give us consistent visibility across asset classes, regions, and capital flows.

As we look ahead, we maintain a measured and deliberate approach. We are expanding thoughtfully, strengthening relationships, and positioning the organization to engage with you in broader and more sophisticated ways.

We have built our success on the principle that growth and resilience are not achieved through scale, expansion, or acceleration alone; they also require a balance of discipline and intentional structure.

Our fundamentals remain constant: conservative underwriting, active management, and long-term ownership. We invest in technology knowing that it is a critical tool that can strengthen those principles, but it cannot replace them.

Markets will continue to cycle. Capital will continue to move in waves. Our responsibility is to remain steady through both expansion and contraction.

We are prepared for what comes next because we have invested in the durability of our platform. We have built systems to support scale. We have strengthened governance. We have enhanced transparency.

We continually refine how we operate so that we remain in a position of strength.

The confidence you place in us, paired with clear goals backed by unwavering business fundamentals, creates a compounding strength. It enables us to withstand market volatility and positions us to pursue the opportunities that drive long-term investor value.

**Jason Castellan**  
Co-Founder & CEO





# A strong performance in 2025

As Canada's renewable energy market continues to expand, Skyline Clean Energy Fund has established itself as a trusted leader in the sector from the outset. Since its founding in 2018, the Fund has focused on acquiring, managing, and operating renewable energy infrastructure to deliver stable returns to Unitholders.

This past year was no different, with the Fund exceeding prior important financial benchmarks, further reinforcing its track record of consistent performance.

Key highlights from the year include:

- A 27.46% increase in combined solar and biogas revenues.
- Achieved Net Operating Income (NOI) growth of more than 5 percentage points.
- Increased total assets under management (AUM) by over eight percent.

From a topline perspective, the Fund's solar and biogas divisions drove record combined revenue, marking a significant financial milestone for 2025. This was primarily driven by the monetization of Clean Fuel Regulation (CFR) credits generated between 2022-2025 which were then sold throughout 2025. With strong momentum in the CFR market, the Fund expects higher normalized revenue from portfolio assets going forward. At year-end, the Fund's assets under management (AUM) increased 8.34% to \$416.69 million, anchored by a diversified portfolio of 84 solar and 2 biogas projects in two provinces.

In parallel, NOI margin expanded meaningfully from 29.27% to 34.65%, as a result of revenue growth outpacing net operating expenses. This reflects disciplined cost management and the operating leverage inherent in scaling renewable energy assets<sup>1</sup>. Enhancing operational efficiency and revenue optimization across the portfolio will remain a key focus in 2026.

We are pleased to report that key debt metrics within the portfolio continued to improve. The Fund's loan-to-value declined from 42.92% to 33.34% throughout the year. A lower loan-to-value ratio indicates that a smaller portion of the portfolio is financed with borrowed capital, thus reducing financial risk and restrictions from debt agreements. The lower ratio allows for additional flexibility to take on new project financing as accretive opportunities arise.

With the continued policy support for renewable energy initiatives outlined in Canada's 2025 federal budget<sup>2</sup>, the outlook for Canada's renewable energy sector remains exceptionally promising. As a recognized pioneer in the space, Skyline Clean Energy Fund is well positioned to translate this momentum into continued growth and long-term value for Unitholders.

Thank you for your continued trust and support. Your confidence enables us to advance our strategy and deliver sustainable value over the long term.

**Wayne Byrd, CPA, CMA**  
CFO

<sup>1</sup> Skyline Energy. (2025, August 13). Skyline Clean Energy Fund acquires four solar assets in Guelph, Ontario. <https://www.skylineenergy.ca/blog/skyline-clean-energy-fund-acquires-four-solar-assets-in-guelph-ontario/>

<sup>2</sup> Canada, D. of F. (2025, November 4). Budget 2025. Canada.ca. <https://budget.canada.ca/2025/home-accueil-en.html>





“The outlook for Canada’s renewable energy sector remains exceptionally promising.”





## A clear path forward

### 2025 YEAR IN REVIEW

Following the launch of Skyline Clean Energy Fund nearly eight years ago our conviction has remained clear: to own essential clean energy infrastructure that delivers stable cash flows while contributing to positive environmental outcomes. From inception, the Fund has focused on acquiring operating renewable energy assets secured by long-term contracts with creditworthy counterparties. This approach has enabled us to adapt to changing economic conditions while prioritizing capital preservation and attractive, risk-adjusted returns.

The Fund's performance in 2025 reinforced the strength of this strategy, marking a year defined by solid financial results and continued strategic progress.

#### Strong Performance and Continued Value Creation

With four unit value increases throughout the year, the Fund generated consistent returns for unitholders, closing the year at \$18.75 per unit. Effective January 1, 2026, unit value increased to \$19.28, demonstrating the resilience of contracted clean energy assets and the benefits of active portfolio management.

#### Historical Fund Performance (As at January 1, 2026):

- 9.24% (1-year)
- 9.58% (3-year)
- 9.49% (5-year)
- 9.03% since inception

#### Operational Progress Across the Portfolio

Beyond stable unit value growth, 2025 saw meaningful operational improvements across the portfolio. Both revenues and operating efficiencies improved compared to 2024, driven by ongoing optimization initiatives and enhanced asset performance.

A significant highlight of the year within the biogas portfolio was the successful monetization of environmental attributes, including CFR and TIER credits. Carbon revenues exceeded \$14 million, materially above budget expectations, demonstrating the growing value of environmental credits as an additional revenue stream for the Fund.

Within the solar portfolio, total revenue remained stable at \$40+ million, underscoring the reliability of the Fund's contracted generation assets. Our focus on the solar asset mix continues to be on executing value-add opportunities within the portfolio.

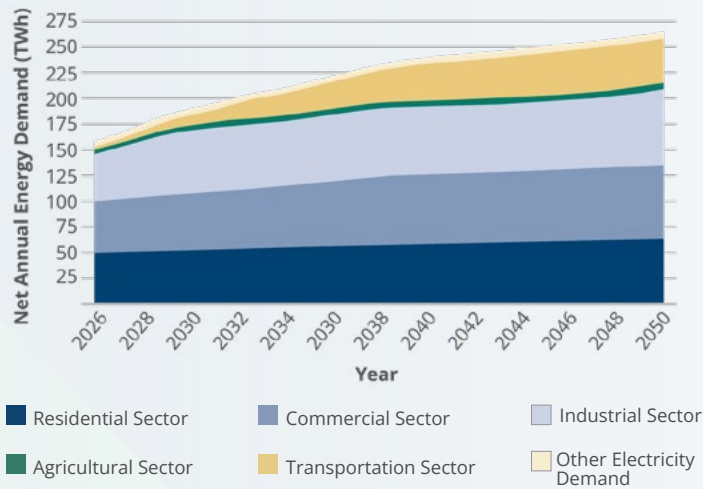
We have identified 22 solar assets with strong repowering potential, with two projects successfully completed in 2025. Early results indicate meaningful revenue uplift, validating our strategy of reinvesting in existing infrastructure to increase revenue, extend asset life and enhance returns. We expect to advance 14 additional repowering initiatives throughout 2026.

#### Positioned for the Next Phase of Clean Energy

Clean energy is transitioning from an emerging opportunity to a foundational component of Canada's energy system. Electrification, accelerating data centre demand, and the modernization of aging grid infrastructure are driving sustained need for dependable, low-carbon power generation.



## IESO ONTARIO ELECTRICITY DEMAND FORECAST TO 2050<sup>1</sup>



In Ontario, the Independent Electricity System Operator (IESO) projects that provincial electricity demand could increase by approximately 75% by 2050, highlighting the scale of investment required to support economic growth and decarbonization objectives.

In this environment, success is not defined by identifying opportunities, but by executing with discipline in a maturing and more competitive market.

Our focus moving forward is clear: strengthen portfolio resilience and surface value through operational excellence. This includes enhancing existing assets, selectively pursuing growth opportunities, and maintaining disciplined capital allocation.

Our objective remains unchanged—to deliver dependable long-term returns for unitholders while contributing meaningfully to Canada’s transition to a lower-carbon economy.

<sup>1</sup> IESO, 2025 Annual Planning Outlook

## OUTLOOK FOR 2026

As we enter 2026, supportive policy frameworks, constrained grid capacity, and rising electricity demand continue to favour well-located, contracted assets like those held within our portfolio. With a clear strategic plan in place and a sharpened operational focus, we believe the Fund is well positioned for the years ahead.

On behalf of the Board of Trustees and the entire Skyline Clean Energy Fund team, I would like to thank you—our valued unitholders, for your continued trust and support. Together, we are not only participating in the clean energy transition, but we are also helping to power it.

**Rob Stein**  
President,  
Skyline Clean Energy Fund

“Our objective remains unchanged—to deliver dependable long-term returns for Unitholders.”



Guelph, ON





At **Skyline Clean Energy Fund**, we set ourselves apart from our peers by maintaining sustainable relationships with our Unitholders, our employees, the environment, and the communities in which we proudly do business.

## Senior Management



**JASON CASTELLAN**  
Co-Founder & CEO



**JASON ASHDOWN**  
Co-Founder & CSO



**MARTIN CASTELLAN**  
Co-Founder & CAO



**WAYNE BYRD**  
CFO



**ROB STEIN**  
President, Skyline Clean Energy Fund



**MATT KENNEDY**  
Director, Skyline Clean Energy Asset Management Inc.



**LAURIE CROCKER**  
EVP, Regulatory Affairs & General Counsel



**ANDY COUTTS**  
EVP, Operations



**KRISH VADIVALE**  
EVP, Finance & Strategy



**MANDI SWEIGER**  
EVP, Corporate Services



**TED WILLCOCKS**  
EVP, Capital Raising





## Deborah Whale



Deborah Whale is a seasoned ambassador of Ontario's clean energy and agriculture sectors, having served on the Boards of Directors of the Ontario Power Authority (OPA) and the Independent Electricity System Operator (IESO), as well as on the Finance Committees of Farm Credit Canada, IESO and the Grand River Agricultural Society. She has served as an Independent Board Member since 2019.

Deborah's clean energy expertise extends to the installation of biodigesters and solar net metering systems for farm and residential use. Inducted into the Ontario Agricultural Hall of Fame in 2016, Ms. Whale has also been designated an Honorary Professional Agrologist (2011) by the Ontario Institute of Agrology, and an Honorary Doctor of Laws (2017) by the University of Guelph.

**INDUSTRY EXPERIENCE:**

■ AGRICULTURE

■ BIOGAS OPERATIONS

■ ASSET AND PROPERTY MANAGEMENT

## Brennan Carson



Brennan Carson is a partner and portfolio manager at Equate Asset Management and the head of their wealth division, Solution Wealth. He has served as an Independent Board Member since 2024. Equate is an independent investment management firm based in Oakville. Brennan manages the strategic direction for the firm, leads the client management team, and sets investment policy for both individual and institutional portfolios.

Brennan has 25 years of experience in the investment industry spanning both public and private markets, and has always embraced his fiduciary role, independent and objective, helping deliver customized solutions for his clients.

He speaks regularly on the topics of investment democratization and integrating sustainability and responsibility into wealth management – his passion for which led him to getting involved with the Skyline Clean Energy Fund.

Brennan has been married for 27 years, and he and his wife have three adult children. Outside of family and work, Brennan is very active as a volunteer baseball coach and has been involved with a number of local charitable organizations.

**INDUSTRY EXPERIENCE:**

■ ASSET MANAGEMENT

■ CAPITAL MARKETS"



### JASON CASTELLAN | CO-FOUNDER & CEO, SKYLINE

Jason leads Skyline's strategic direction, encompassing all funds and business units including asset acquisition, management, development, and investment. His visionary leadership ensures that Skyline continues to expand its national presence and maximize investor returns through expertly managed investments. Jason holds degrees from both the University of Guelph and York University.



### WAYNE BYRD | CFO, SKYLINE

Wayne is responsible for the financial performance of Skyline and its associated real estate and clean energy assets. Having been in private sector finance since 1995, his proven business experience and insight make him an integral leader as Skyline pursues its core purpose of providing meaningful value and an exceptional experience for stakeholders, while building strong, supportive, and sustainable communities. Wayne is a Chartered Professional Accountant (formerly Certified Management Accountant) and graduated from Brock University with a Bachelor of Accounting Degree (Honours).



# SKYLINE

## AWARDS



Platinum member

### BEST MANAGED COMPANIES

#### Platinum Member: Skyline

Skyline has retained its Best Managed Companies status for 11 years. Platinum Member winners demonstrate exceptional leadership in strategy, capabilities and innovation, culture and commitment, and financials.



### APARTMENTBUILDINGS.COM TOP 100

#### BJ Santavy, Vice President, Skyline Living

This annual ranking by Connect CRE and ApartmentBuildings.com highlights Canadian and US real estate leaders driving advancement and achievement in the multi-family space.



### CANADIAN PROPERTY MANAGEMENT MAGAZINE 2025 "WHO'S WHO IN REAL ESTATE" RANKING

#### Top 10 Apartment Owners & Managers (#7)—Skyline Apartment REIT

Skyline Apartment REIT ranked among Canada's Top 10 owners and managers of apartment real estate, based on total square footage within its portfolio.



### CANADIAN PROPERTY MANAGEMENT MAGAZINE 2025 "WHO'S WHO IN REAL ESTATE" RANKING

#### Top 10 Industrial Owners & Managers (#8)—Skyline Industrial REIT

Skyline Industrial REIT ranked among Canada's Top 10 owners and managers of industrial real estate, based on total square footage within its portfolio.



### CONNECT CRE 2025 NEXT GENERATION AWARD

#### Sarah Yusyp, Vice President, Human Resources

The Next Generation Award recognizes commercial real estate's most talented young professionals across Canada.



### FRPO MAC AWARDS

### FRPO MAC AWARDS 2025

#### Environmental Excellence: Skyline Community Service: Skyline Company Culture: Skyline

The FRPO MAC awards bring together more than 1,500 professionals, sponsors, and suppliers to celebrate the Ontario rental housing industry's top performers.





RHB MAGAZINE 2025 “THE ANNUAL” EDITION

Canada’s Top 10 REITs List (#5): Skyline Apartment REIT

Skyline Apartment REIT ranked among Canada’s top REITs, based on the number of apartment suites owned and managed within its portfolio.

RHB MAGAZINE 2025 “THE ANNUAL” REGIONAL EDITIONS

Top 10 REITs in Kitchener-Cambridge-Waterloo (#9): Skyline Apartment REIT

Top 10 REITs in London (#9): Skyline Apartment REIT

Skyline Apartment REIT ranked among Waterloo and London’s region’s Top 10 owners, managers, and REITs, based on the number of apartment suites owned and managed within its portfolio.



HRD CANADA RISING STAR OF THE YEAR AWARD

Breanna Lemieux, Senior Manager, Human Resources

The Rising Star of the Year award spotlights talented and accomplished young professionals in the Canadian HR industry, recognizing those with five to 10 years of impactful experience and a demonstrated commitment to the profession.



RHPNS INNOVATION & EXCELLENCE AWARDS

Resident Manager of the Year: Karen Chase, Assistant Resident Manager, Skyline Living

The RHPNS Innovation & Excellence Awards showcase outstanding Nova Scotia rental housing professionals and organizations who go above and beyond to support their tenants and communities.



SOUTHWESTERN ONTARIO TOP EMPLOYERS 2025

Skyline was recognized as a Southwestern Ontario Top employer for the second year in a row. Winners are evaluated on performance management, training and skills development, community involvement, and more.



WEALTH PROFESSIONAL AWARDS 2025

Real Estate Investment Provider of the Year: Skyline

Employer of Choice: Skyline

The Wealth Professional Awards recognize leaders in Canada’s wealth management and financial planning sectors, honouring dedicated and innovative professionals and companies in these fields.



WATERLOO AREA TOP EMPLOYERS 2025

Skyline was recognized as one of Waterloo Area’s Top Employers for the fourth year in a row. Winners are evaluated on performance management, training and skills development, community involvement, and more.



WYNDHAM HOUSE

2025 Housing Hero award: Skyline

Wyndham House operates youth shelters and supportive housing in Guelph, Ontario, and Skyline has proudly supported their work through donations and volunteerism. The Housing Hero award highlights our collaborative efforts to help end homelessness in communities across Canada.





# 2025 Financial Reporting



## FORWARD-LOOKING DISCLAIMER

The following Management's Discussion and Analysis ("**MD&A**") of the results of operations and conditions for the year ended December 31, 2025, should be read in conjunction with Skyline Clean Energy Fund's ("**SCEF**" or "**Fund**") audited consolidated financial statements. Certain statements herein could be considered forward-looking information within the meaning of applicable securities legislation. Forward-looking information reflects management's current beliefs and are based on information currently available to management. It is based on several assumptions and is subject to various risks and uncertainties, many of which are beyond the Fund's control, which could cause actual results to differ materially from those disclosed in or implied by such forward-looking information. Forward-looking information are not guarantees of future results, operations or performance and are based on estimates and assumptions that are subject to risks and uncertainties. These risks and uncertainties include, but are not limited to, general and local economic and business conditions, energy market volatility, changing regulations, our ability to refinance maturing debt, our ability to source and complete accretive acquisitions, and interest rates.

The information in this MD&A is based on information available to Management as of April 30, 2026, except where otherwise noted. The Fund does not undertake to update any such forward-looking information whether because of new information, future events or otherwise.

In some instances, forward-looking information can be identified by terms such as "may", "should", "expect", "will", "anticipate", "believe", "intend", "estimate", "predict", "potentially", "starting", "beginning", "begun", "moving", "continue", "indicators", "outlook", "objective", "plan", "aim", "would", "forecast", "project", "seek", or other similar expressions suggesting future outcomes or events. Forward-looking statements herein include, but are not limited to, statements related to acquisitions or dispositions, development activities, future maintenance expenditures, and financing and the availability of financing.

All forward-looking statements herein are qualified in their entirety by this forward-looking disclaimer. Information contained herein constituting a financial outlook is presented for information purposes only to indicate management's expectations with respect to specific projects and readers are cautioned that the information may not be appropriate for other purposes.

## NON-IFRS MEASURES

The Fund releases audited consolidated financial statements in accordance with International Financial Reporting Standards ("**IFRS**"). In this MD&A, as a complement to results provided in accordance with IFRS, the Fund also discloses and discusses certain financial measures not recognized under IFRS and that do not have standard meanings prescribed by IFRS. These include, but are not limited to, adjusted earnings before interest, income taxes, depreciation and amortization ("**adjusted EBITDA**") and applicable per unit amounts (collectively, the "**Non-IFRS Measures**").

These Non-IFRS Measures are further defined and discussed in the "Key Performance Indicators" section of this MD&A. Since EBITDA and per Unit amounts are not measures recognized under IFRS, they may not be comparable to similarly titled measures reported by other issuers. The Fund has presented the Non-IFRS Measures because Management believes these Non-IFRS Measures are relevant measures of the Fund's ability to earn revenue and to evaluate the Fund's performance. A reconciliation of the Non-IFRS Measures is provided in the "EBITDA" section. The Non-IFRS Measures should not be construed as alternatives to net income (loss) or cash flows from operating activities determined in accordance with IFRS as indicators of the Fund's performance.



## MD&A OVERVIEW

This MD&A focuses on key areas from the audited consolidated financial statements and pertains to major known risks and uncertainties relating to the renewable infrastructure industry, in general, and the Fund's business, in particular. This discussion should not be considered all-inclusive as it excludes changes that may occur in general economic, political, and environmental conditions. Additionally, other elements may or may not occur, which could affect the organization in the future. To ensure that the reader is obtaining the best overall perspective, this discussion should be read in conjunction with material contained in the audited consolidated financial statements for the year ended December 31, 2025, along with all other information regarding the Fund publicly posted by the Fund or its affiliates. It is not our intent to reproduce information located in these other reported documents, but rather to highlight some of the key points and refer you to these documents for more detailed information. "Unit" means any class of the Fund's Units excluding special voting Units. "Unitholder" means a holder of a class of the Fund's Units.

## BUSINESS OVERVIEW

The Fund is an unincorporated, open-ended investment trust created by a declaration of trust made as of May 3, 2018, and most recently amended and restated as of December 5, 2022 (the "**Declaration of Trust**" or "**DOT**") and governed by the laws of the Province of Ontario and the federal laws of Canada applicable therein. The Fund earns income from investments in a diversified portfolio of renewable infrastructure assets, located in Canada.



## MANAGEMENT STRATEGY

As Manager of the Fund, Skyline Clean Energy Asset Management Inc. (the “**Asset Manager**”) implements its unique values and proprietary strategies as it fulfills its responsibilities. The Fund’s mandate is clear and focused on the following strategies:

- **Enhancement of the Fund’s Clean Energy Asset Portfolio:** The Asset Manager will focus its acquisition strategy on good quality renewable infrastructure assets in strong markets across North America and will use the strength of its extensive market relationships to obtain more competitive financing, construction and maintenance services, and higher quality assets. The Asset Manager’s goal is to build a strong and growth-oriented renewable infrastructure portfolio, enhancing overall portfolio incomes by diversifying the asset-type and geography of the assets purchased.
- **Growth Potential:** The Asset Manager believes that renewable infrastructure assets offer an attractive investment opportunity with significant growth potential. The ability to acquire good quality, well located assets, and invest in value-enhancing capital expenditures within our existing portfolio will allow the Asset Manager to potentially enhance the underlying portfolio’s cash flow and investor returns. The Asset Manager will also look to acquire renewable infrastructure assets in markets where it already operates and can build off of existing market relationships to capitalize on local economies of scale. As the Fund grows through the acquisition of new renewable infrastructure assets and the issuance of additional Units, the Fund will likely increase the stability of its income stream.
- **Maintenance and Repair Programs:** Management is fundamentally driven by efficiencies and cost-effective programs that are accretive to the Fund’s short-term and long-term value proposition. Management has positioned the Fund to take advantage of efficiency programs and capital investments that aim to enhance the overall value of the portfolio. Furthermore, the Asset Manager oversees and manages the operations and maintenance activities of the Fund. The Asset Manager is responsible for providing routine preventative and corrective maintenance for the Fund’s solar assets so that the solar assets are operating efficiently aiming to reach their full production capacity.
- **Detailed Financial Reporting:** Management utilizes sophisticated financial tools to maximize the Fund’s income and to measure the effectiveness of cost control and other efficiency programs. Management distributes in-depth financial reporting to those involved and who have a direct impact on the financial success and control of those particular incomes and expenses.
- **Strategic Debt Management:** The Asset Manager works diligently to seek out financing opportunities to optimize the Fund’s leveraged returns. Attention to longer-term loan maturities with natural staggering due to financing terms being tied to revenue contract lengths, within maximum leverage amounts set out in the DOT, with the objective that the Fund’s exposure to fluctuating interest rates over the short and long-term are both minimized and utilized to the greatest benefit.
- **Communications:** Skyline Wealth Management Inc. (the “**Exempt Market Dealer**”) delivers current and relevant information to prospective and existing Unitholders to keep them informed and engaged. Ongoing communications occur through regular mass email updates, online postings to the website and quarterly newsletters. The Exempt Market Dealer communications cover relevant topics as they relate to the Fund, including new acquisitions and dispositions, major capital expenditure projects, special investor events and general corporate news.





# Key Performance Indicators

To meet its objectives and to evaluate the success of its strategies, the Fund uses several key operating and performance indicators:

- **Net Operating Income (“NOI”):** This is defined as operating revenues less direct operating expenses and is a key Non-IFRS Measure of the operating performance of the Fund. For the year ended December 31, 2025, the Fund’s NOI margin was 34.7% (2024 – 29.3%).
- **EBITDA:** This is calculated as the Fund’s net income (loss) in accordance with IFRS adjusted for non-cash items, including the depreciation and amortization of solar and biogas equipment and prepaid leases, net finance costs, unrealized gain on swap agreements and other adjustments as appropriate. Management believes adjusted EBITDA is a meaningful measure of SCEF’s operating performance because it excludes certain items included in the calculation of net income (loss) that may not be appropriate determinants of long-term operating performance. For the year ended December 31, 2025, the Fund’s EBITDA was \$50.5 million (2024 - \$38.9 million).
- **Total Assets Under Management (“TAUM”):** TAUM is calculated as the total assets on the Fund’s statement of financial position.
- **Active Portfolio Management:** Management targets both stabilized and distressed renewable infrastructure assets offering accretive returns generated through stable cash flows in strong energy markets. The Asset Manager aims to implement margin enhancement initiatives, manage system performance and improve system optimization to increase cash flows. By maximizing performance, each asset increases in value leading to equity growth and the acquisitions of new assets.
- **Financing:** Management continually manages and plans its financing strategies for the portfolio. This ensures the portfolio is well-positioned to mitigate interest rate uncertainty.
- **Liability to Asset (“LTA”):** The portfolio is regularly evaluated based upon key leverage ratios, including but not limited to total liabilities against total assets. The DOT requires the total liabilities against total assets ratio not exceed 85%, and at the close of 2025, that ratio was 44.26% (2024 – 55.13%).
- **Loan to Value (“LTV”):** Calculated as total debt outstanding divided by the sum of total debt outstanding and the market value of the Fund’s units. Total debt outstanding is adjusted by the Fund’s economic ownership in each project. Management views LTV as a relevant metric that highlights the true borrowing capacity of the Fund based on the current projects owned. As at January 1, 2026, the Fund’s LTV is 33.34% (2024 – 42.92%).

## GOALS AND OBJECTIVES OF THE FUND

In accordance with the DOT, the goals and objectives of the Fund are:

1. to provide Unitholders with a growing investment opportunity in a diversified portfolio of income-producing renewable infrastructure assets located in North America;
2. to enhance operating income; and
3. to maximize Unit value through the ongoing management of the Fund’s assets, through the future acquisition, optimization and disposition of assets.





# SKYLINE CLEAN ENERGY FUND

## 2025 Highlights

- The Fund raised \$60.3 million in Unitholder equity during 2025, while growing the value per SCEF Unit to \$19.28 as at January 1, 2026, which resulted in a 1-year annual return of 9.24%.
- The Fund increased annual renewable natural gas generation by 19.06% during the year ended December 31, 2025, by generating 34,596 more gigajoules (Gj) compared to 2024; increasing renewable natural gas revenue by \$1.4 million.
- The Fund generated 92,692,714 kilowatt hours (kWh) from its solar portfolio resulting in \$40.3 million in revenue; pointing to a stable year of operations.
- With strong momentum in the clean energy credit market, the Fund was able to generate \$14.4M in revenue from the sale of carbon offset credits and Clean Fuel Regulations (“CFR”) credits.
- On August 6, 2025, the Fund acquired four rooftop solar assets totalling 908 kW DC located in Guelph, Ontario. Each asset is backed by a FIT 1 contract further adding to the bucket of assets that have the potential to be repowered.

Financial Highlights (\$ thousands, except where noted)	2025	2024
Income	73,811	59,367
Direct operating expenses	48,239	41,988
<b>NOI</b>	<b>\$25,572</b>	<b>\$17,379</b>
<b>Net income (loss)</b>	<b>\$11,232</b>	<b>\$(315)</b>
<b>EBITDA</b>	<b>\$50,544</b>	<b>\$38,938</b>

### SCEF'S UNIT VALUE GROWTH



## SOLAR AND BIOGAS PORTFOLIO

At December 31, 2025, the portfolio consisted of 84 solar assets and one biogas asset located throughout Ontario, as well as one biogas asset located in Alberta. With a total portfolio size of 94,906 kW DC by year-end, the Fund's Ontario-based solar and biogas assets generated 110,081,132 kWh and processed 61,492 tonnes of organic material while the Alberta-based biogas asset generated 216,118 GJ of renewable natural gas ("RNG") and processed 86,785 tonnes of waste in 2025.

The Fund continues to look at further expanding and enhancing the portfolio in markets across Canada. Through its active asset management strategies and proactive capital investment programs, the Fund strives to achieve the highest possible solar income in accordance with the weather conditions.

Management also strives, through a focused, hands-on approach to its business, to generate the highest profit per tonne of feedstock from tipping fees, hydro and RNG production, and the sale of carbon/CFR credits as the Fund's output is constrained by its system size.



## SOLAR AND BIOGAS PORTFOLIO CONT.

Regional Solar Energy Production		2025 Solar Generation				2024 Solar Generation		
City	Region (Ontario)	Asset Size (kW DC) <sup>1</sup>	Solar Generation (kWh) <sup>1</sup>	Solar Income (\$ thousands)	Increase (Decrease) in Solar Income (\$ thousands)	Asset Size (kW DC) <sup>1</sup>	Solar Generation (in kWh) <sup>1</sup>	Solar Income (\$ thousands)
Acton	Midwestern	1,200	1,336,533	532	7	1,200	1,324,264	525
Ajax	East Central	214	233,544	126	1	214	233,159	125
Belle River	Southwestern	298	378,581	124	-	298	376,047	124
Brampton	Midwestern	685	717,623	462	20	685	676,044	442
Brantford	Midwestern	784	805,962	511	25	784	769,168	486
Brockville	East Central	298	315,391	104	(5)	298	331,071	109
Cache Bay	Northern	298	321,273	106	(3)	298	332,479	109
Cambridge	Midwestern	1,099	1,147,639	258	(10)	1,099	1,195,531	268
Chatham	Southwestern	1,003	1,058,137	363	(59)	1,003	1,099,680	422
City of Kawartha Lakes	East Central	5,995	5,417,993	2,400	14	5,995	5,385,817	2,386
Cramahe	East Central	419	422,639	301	(41)	419	479,238	342
Dundalk	Northern	299	333,266	110	(1)	299	336,723	111
Earlton	Northern	298	276,566	91	(8)	298	298,141	99
Guelph	Midwestern	908	188,421	114	114	-	-	-
Ingersoll	Midwestern	600	670,154	147	(1)	600	691,310	148
Kearney	Northern	298	262,471	86	-	298	262,006	86
Leamington	Southwestern	153	161,843	103	-	153	163,470	103
Listowel	Northern	536	504,481	166	(3)	536	514,664	169
London	Midwestern	2,640	2,397,925	1,292	(181)	2,640	2,733,250	1,473
Loyalist	East Central	489	291,422	129	(11)	299	315,818	140

*(table continued on next page)*



## SOLAR AND BIOGAS PORTFOLIO CONT.

Regional Solar Energy Production		2025 Solar Generation				2024 Solar Generation		
City	Region (Ontario)	Asset Size (kW DC) <sup>1</sup>	Solar Generation (kWh) <sup>1</sup>	Solar Income (\$ thousands)	Increase (Decrease) in Solar Income (\$ thousands)	Asset Size (kW DC) <sup>1</sup>	Solar Generation (in kWh) <sup>1</sup>	Solar Income (\$ thousands)
Markham	Midwestern	120	127,725	27	(4)	120	129,275	31
McDonalds Corners	East Central	298	293,635	97	(5)	298	309,847	102
Mississauga	Midwestern	137	140,130	100	(7)	137	134,678	107
Murillo	Northern	298	324,676	107	20	298	263,967	87
Newburgh	East Central	298	313,458	103	(2)	298	318,109	105
Napanee	East Central	19,541	20,833,082	8,748	(301)	19,541	21,547,835	9,049
North York	Midwestern	490	542,791	343	17	490	507,754	326
Oldcastle	Southwestern	299	346,449	114	(2)	299	352,257	116
Ottawa	East Central	896	827,830	272	(16)	896	876,266	288
Pontypool	East Central	298	314,121	103	(5)	298	327,329	108
Renfrew	East Central	299	303,440	100	(7)	299	324,878	107
Scarborough	Midwestern	141	138,591	99	(3)	141	143,354	102
Simcoe	Midwestern	18,579	18,376,574	7,718	(307)	18,579	19,107,652	8,025
St. Clair	Southwestern	412	462,410	330	5	412	456,590	325
Strathroy	Midwestern	2,372	2,055,243	1,107	(106)	2,372	2,252,074	1,213
Sturgeon Falls	Northern	298	288,894	95	6	298	271,689	89
Tecumseh	Southwestern	299	365,941	120	1	299	358,947	119
Teeswater	Northern	175	129,914	93	(7)	128	139,531	100
Thomasburg	East Central	298	325,355	107	-	298	325,347	107
Thunder Bay	Northern	19,314	21,570,922	9,060	421	19,314	20,563,641	8,639
Tilbury	Southwestern	600	691,331	218	(1)	600	692,155	219

*(table continued on next page)*



## SOLAR AND BIOGAS PORTFOLIO CONT.

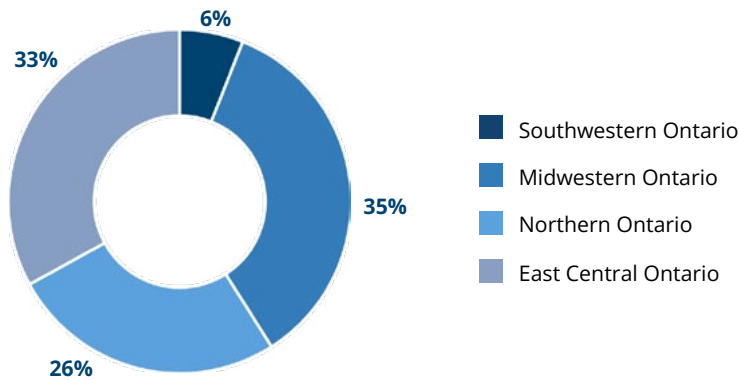
Regional Solar Energy Production		2025 Solar Generation				2024 Solar Generation		
City	Region (Ontario)	Asset Size (kW DC) <sup>1</sup>	Solar Generation (kWh) <sup>1</sup>	Solar Income (\$ thousands)	Increase (Decrease) in Solar Income (\$ thousands)	Asset Size (kW DC) <sup>1</sup>	Solar Generation (in kWh) <sup>1</sup>	Solar Income (\$ thousands)
Tillsonburg	Midwestern	1,449	1,386,232	927	30	1,449	1,346,612	897
Vaughan	Midwestern	1,502	1,644,624	1,090	(13)	1,502	1,667,801	1,103
Wallaceburg	Southwestern	995	1,067,939	337	(12)	995	1,102,667	349
Waterford	Midwestern	597	694,351	228	(3)	597	700,826	231
Watford	Southwestern	419	466,483	333	4	419	460,583	329
West Nipissing	Northern	298	322,194	106	(3)	298	328,472	109
Whitby	East Central	501	546,517	350	5	501	542,336	345
Windsor	Southwestern	609	549,998	365	24	609	512,111	341
<b>Total - solar assets</b>		<b>90,346</b>	<b>92,692,714</b>	<b>\$40,322</b>	<b>\$(413)</b>	<b>89,201</b>	<b>93,582,463</b>	<b>\$40,735</b>

<sup>1</sup> These values are adjusted for the Fund's economic ownership in the assets.



## SOLAR AND BIOGAS PORTFOLIO CONT.

### Regional Solar Production During the Year Ended December 31, 2025



Regional Biogas Production		2025 Biogas Hydro Generation				2024 Biogas Hydro Generation		
City	Region	Asset Size (kW DC) <sup>1</sup>	Hydro Generation (kWh) <sup>1</sup>	Hydro Revenue (\$ thousands)	Increase (Decrease) in Hydro Revenue (\$ thousands)	Asset Size (kW DC) <sup>1</sup>	Hydro Generation (kWh) <sup>1</sup>	Hydro Revenue (\$ thousands)
Elmira	Mid-western Ontario	2,280	17,388,418	3,999	825	2,280	13,692,062	3,174
Lethbridge	Alberta	2,280	7,058,058	386	(272)	2,280	7,034,116	658
<b>Total - biogas assets</b>		<b>4,560</b>	<b>24,446,479</b>	<b>\$4,385</b>	<b>\$553</b>	<b>4,560</b>	<b>20,726,178</b>	<b>\$3,832</b>

Regional Biogas Production		2025 Biogas Waste Processed				2024 Biogas Waste Processed		
City	Region	Asset Size (Tonnes of Organic Waste Processing Capacity) <sup>1</sup>	Waste Processed (tonnes) <sup>1</sup>	Tipping Fees Revenue (\$ thousands)	Increase (Decrease) in Tipping Fees Revenue (\$ thousands)	Asset Size (Tonnes of Organic Waste Processing Capacity) <sup>1</sup>	Waste Processed (tonnes) <sup>1</sup>	Tipping Fees Revenue (\$ thousands)
Elmira	Mid-western Ontario	71,900	61,492	4,966	(595)	71,900	53,366	5,561
Lethbridge	Alberta	114,390	86,785	1,815	430	114,390	85,221	1,385
<b>Total - biogas assets</b>		<b>186,290</b>	<b>148,277</b>	<b>\$6,781</b>	<b>\$(165)</b>	<b>186,290</b>	<b>138,587</b>	<b>\$6,946</b>



## SOLAR AND BIOGAS PORTFOLIO CONT.

Regional Biogas Production		2025 Biogas RNG Production				2024 Biogas RNG Production		
City	Region	Asset Size (GJ) <sup>1</sup>	RNG Production (GJ) <sup>1</sup>	RNG Revenue (\$ thousands)	Increase (Decrease) in RNG Revenue (\$ thousands)	Asset Size (GJ) <sup>1</sup>	RNG Production (GJ) <sup>1</sup>	RNG Revenue(\$ thousands)
Elmira	Mid-western Ontario	-	-	-	-	-	-	-
Lethbridge	Alberta	239,461	216,118	7,741	1,409	234,766	181,522	6,062
<b>Total - biogas assets</b>		<b>239,461</b>	<b>216,118</b>	<b>\$7,471</b>	<b>\$1,409</b>	<b>234,766</b>	<b>181,522</b>	<b>\$6,062</b>

<sup>1</sup> These values are adjusted for the Fund's economic ownership in the assets.

## ACQUISITIONS

### Acquisitions Completed During the Year Ended December 31, 2025

Asset Name (\$ thousands, except where noted)	Guelph Solar	Total
Purchase Date	06-Aug-25	
Size of Portfolio (kW DC)	908	908
Size of Portfolio (GJ)	-	-
Organic Waste Capacity (tonnes)	-	-
Number of Assets	4	4
Province	Ontario	
Region	West	
<b>Total Gross Assets Acquired</b>	<b>\$2,815</b>	<b>\$2,815</b>





# 2025 Operating Highlights

<b>Operational Highlights</b> (\$ thousands, except where noted)	<b>2025 (\$)</b>	<b>%<sup>1</sup></b>	<b>2024 (\$)</b>	<b>%<sup>1</sup></b>
<b>Income</b>				
Solar revenue	40,322	54.6	40,735	68.6
Biogas revenue	33,136	44.9	16,918	28.5
Other income	326	0.4	1,714	2.9
<b>Total income</b>	<b>\$73,811</b>	<b>100.0%</b>	<b>\$59,367</b>	<b>100.0%</b>
<b>Direct operating expenses</b>				
Utilities	2,394	3.2	2,525	4.3
Insurance	1,477	2.0	1,528	2.6
Amortization	27,248	36.9	25,181	42.4
Operations and maintenance fees	1,031	1.4	1,009	1.7
Management fees	-	0.0	341	0.6
Property tax	480	0.7	485	0.8
Royalty expense	10	0.0	11	0.0
Other direct operating expenses	15,599	21.1	10,908	18.4
<b>Total direct operating expenses</b>	<b>\$48,239</b>	<b>65.4%</b>	<b>\$41,988</b>	<b>70.7%</b>
<b>NOI</b>	<b>\$25,572</b>	<b>34.6%</b>	<b>\$17,379</b>	<b>29.3%</b>

<sup>1</sup> As a percentage of total income



## 2025 OPERATING HIGHLIGHTS CONT.

A reconciliation of IFRS comprehensive income to EBITDA is as follows:

(\$ thousands, except where noted)	2025 (\$)	2024 (\$)
<b>Profit &amp; Loss</b>		
Income	73,811	59,367
Direct operating expenses	(48,239)	(41,988)
<b>NOI</b>	<b>\$25,572</b>	<b>\$17,379</b>
Share of net (loss) earnings from investments	(196)	726
Financing costs	(12,821)	(16,696)
Administrative expenses	(3,496)	(3,192)
Asset management fees	(1,335)	(1,214)
Property management fees	(514)	(507)
Wealth management fees	(875)	(716)
Interest income	1,368	1,107
Warranty income	3,083	-
Income tax recovery (provision)	1	(176)
Unrealized (loss) gain on swap agreements	(365)	376
Foreign exchange loss	(11)	(11)
Loss on disposal of assets	(145)	(3)
Loss on remeasurement of equity in joint ventures	-	(94)
Remeasurement gain of carbon offset and CFR credits	-	3,505
FortisBC metering adjustment	-	(799)
Unrealized gain on investment in equity insecurities	966	-
<b>Income (loss) and comprehensive income (loss) for the year</b>	<b>\$11,232</b>	<b>\$(315)</b>

(table continued on next page)

## 2025 OPERATING HIGHLIGHTS CONT.

(\$ thousands, except where noted)	2025 (\$)	2024 (\$)
<b>Net income (loss) attributable to:</b>		
Unitholders	10,932	699
Non-controlling interests	300	(984)
<b>Net income (loss) and comprehensive income (loss)</b>	<b>\$11,232</b>	<b>\$(315)</b>
<b>Non-cash add-backs:</b>		
Amortization	27,248	25,181
Financing costs	12,821	16,696
Income tax recovery (provision)	(1)	176
Unrealized (loss) gain on swap agreements	365	(376)
Loss on disposal of assets	145	3
Loss on reameasurement of equity in joint ventures	-	94
Reameasurement gain of carbon offset and CFR credits	-	(3,505)
Unrealized gain on investment in equity securities	(966)	-
Elimination of non-controlling interests	(300)	984
<b>Earnings before interest, tax, depreciation and amortization</b>	<b>\$50,544</b>	<b>\$38,938</b>



## 2025 OPERATING HIGHLIGHTS CONT.

Changes in SCEF's financial position are summarized as follows:

(\$ thousands, except where noted)	December 31, 2025 (\$)	December 31, 2024 (\$)
<b>Assets</b>		
Solar equipment and structures	148,739	148,138
Biogas equipment	31,175	34,079
Clean energy contracts	114,206	124,165
Prepaid leases	1,025	1,115
Right-of-use assets	8,085	8,086
Land	10,106	10,106
Investments in associates	1,908	2,104
Investments in equity securities	3,177	-
Convertible debenture receivable	3,175	3,175
Interest rate swap agreements	335	957
Loans receivable	4,574	6,360
Inventories	4,938	7,839
Other assets	12,120	7,478
Due from related party	73	-
Accounts receivable	7,174	6,750
Short term investments	-	32
Restricted cash	10,706	10,160
Cash and cash equivalents	55,171	14,081
<b>Total assets</b>	<b>\$416,687</b>	<b>\$384,625</b>

*(table continued on next page)*



## 2025 OPERATING HIGHLIGHTS CONT.

(\$ thousands, except where noted)	December 31, 2025 (\$)	December 31, 2024 (\$)
<b>Liabilities and Unitholders' equity</b>		
Loans payable	160,639	182,356
Note payable	-	2,418
Lease liabilities	8,916	7,404
Decommissioning liability	1,313	1,265
Unamortized government assistance	5,018	5,556
Due to related parties	3,055	5,969
Accounts payable and accrued liabilities	5,473	7,075
<b>Total liabilities</b>	<b>\$184,414</b>	<b>\$212,043</b>
Unitholders' equity	211,349	151,808
Non-controlling interests	20,924	20,774
<b>Total equity</b>	<b>\$232,273</b>	<b>\$172,582</b>
<b>Total liabilities and Unitholders' equity</b>	<b>\$416,687</b>	<b>\$384,625</b>



## SOLAR AND BIOGAS ASSETS

The Fund's solar and biogas assets are comprised of solar equipment and structures, biogas equipment, clean energy contracts, prepaid leases, right-of-use assets (with corresponding lease liabilities) and land as disclosed in SCEF's audited consolidated financial statements for the year ended December 31, 2025.

Under IFRS, the solar equipment and structures, biogas equipment and land are accounted for under the cost model as prescribed by International Accounting Standard ("IAS") 16 – Property, Plant and Equipment ("IAS 16"). The solar equipment and structures and biogas equipment are recorded at cost, net of accumulated depreciation. The land is recorded at cost.

Under IFRS, the clean energy contracts are accounted for under the cost model as prescribed by International Accounting Standard 38 – Intangible Assets ("IAS 38"). These assets are recorded at cost, net of accumulated depreciation.

The Fund's prepaid leases and right-of-use assets are accounted for under IFRS 16 – Leases ("IFRS 16") and are amortized on a straight-line basis over the length of the related lease agreements. Right-of-use assets are recorded with a corresponding lease liability at the date that the leased asset is available for the Fund.

Changes in the carrying amounts of the solar assets are summarized as follows:

(\$ thousands, except where noted)	Opening balance at January 1, 2025 (\$)	Additions through purchase of assets (\$)	Additions through capital expenditures (\$)	Amortization (\$)	Reclassification and remeasurements (\$)	Disposals of assets (\$)	Interest expense and lease payments (\$)	Closing balance at December 31, 2025 (\$)
Solar equipment and structures <sup>1</sup>	148,138	2	9,463	(8,504)	(323)	(217)	-	148,739
Biogas equipment	34,079	-	1,390	(4,154)	-	(140)	-	31,175
Clean energy contracts	124,165	2,246	-	(12,385)	-	-	-	114,206
Prepaid leases	1,115	-	-	(90)	-	-	-	1,025
Right-of-use assets	8,086	387	-	(2,067)	1,679	-	-	8,085
Land <sup>2</sup>	10,106	-	-	-	-	-	-	10,106
Lease liabilities	(7,404)	(387)	-	-	(1,679)	-	554	(8,916)
<b>Total</b>	<b>\$318,285</b>	<b>\$2,428</b>	<b>\$11,033</b>	<b>\$(27,200)</b>	<b>\$(323)</b>	<b>\$(357)</b>	<b>\$554</b>	<b>\$304,420</b>

*(table continued on next page)*

## SOLAR AND BIOGAS ASSETS CONT.

(\$ thousands, except where noted)	Opening balance at January 1, 2024 (\$)	Additions through capital expenditures (\$)	Amortization (\$)	Reclassification and remeasurements (\$)	Lease term extension (\$)	Interest expense and lease payments (\$)	Closing balance at December 31, 2024 (\$)
Solar equipment and structures	156,221	365	(8,448)	-	-	-	148,138
Biogas equipment	31,369	6,503	(3,793)	-	-	-	34,079
Clean energy contracts	136,519	-	(12,258)	(96)	-	-	124,165
Prepaid leases	1,206	-	(91)	-	-	-	1,115
Right-of-use assets	8,427	-	(545)	-	204	-	8,086
Land <sup>2</sup>	10,057	49	-	-	-	-	10,106
Lease liabilities	(7,892)	-	-	-	(204)	692	(7,404)
<b>Total</b>	<b>\$335,907</b>	<b>\$6,917</b>	<b>\$(25,135)</b>	<b>\$(96)</b>	<b>\$-</b>	<b>\$692</b>	<b>\$318,285</b>

<sup>1</sup> Included in solar equipment and structures are assets under construction with a balance of \$8,239 relating to site repowering and equipment upgrades; these amounts are not depreciated until the retrofitted assets are available for use.

<sup>2</sup> Land is owned as part of the SBE biogas asset, Lethbridge biogas asset, Balsam Lake solar asset, Bassano solar development project, 13th Sideroad solar asset, Ryerse solar asset, First Light 1 solar asset and First Light 2 solar asset.

## CAPITAL EXPENDITURES

In general, the Fund is committed to increasing the value of these assets by investing in capital expenditure initiatives and other programs to improve the overall quality of the portfolio and ultimately to sustain and expand the portfolio's future clean energy income-producing potential over its expected life span.

In correlation with industry peers, the Fund has two types of capital expenditures: maintenance capital expenditures and stabilizing and value-enhancing capital expenditures. The main difference between these two types of capital expenditures is whether the costs incurred are to maintain existing cash flows, or to achieve the longer-term goal of producing enhanced cash flows and Unitholder returns.



## CAPITAL EXPENDITURES CONT.

Stabilizing and value-enhancing capital expenditures are made with the intention of increasing the size or the productivity of the portfolio. They improve the economic life span, generation potential, and value of the assets and are mainly long-term in nature. The timing of these expenditures varies according to Management's capital plans and they are funded with construction financings, refinancing, equity issuances, and cash flow from existing assets.

During 2025, the Fund commenced execution of its multi-year solar repowering program with two (2) assets successfully completed and brought back online by year-end. Repowering involves upgrading and replacing existing equipment to enhance performance, maximize revenue, and drive long-term Unitholder returns. As at December 31, 2025, the Fund invested a total of \$9.0 million (2024 – \$nil) in this initiative.

Furthermore, in 2025, the Fund acquired four rooftop solar assets totalling 908 kW DC located in Guelph, Ontario. The portfolio presents additional opportunities for repowering as each asset is backed by a FIT 1 contract.

Aside from the repowering plan, capital expenditures in 2025 were consistent with expected, normal-course requirements for assets of this maturity. Management remains committed to the ongoing future maintenance and enhancement of the Fund's portfolio and a 2026 capital budget is in place for the upcoming fiscal year.

## CAPITAL STRUCTURE

"Capital" is defined as the aggregate of debt and Unitholders' equity. Management's objectives with respect to capital is to maintain its ongoing ability to meet its debt repayment obligations, to ensure there are sufficient funds available to meet the capital requirements of the portfolio, and to recycle excess cash flows into accretive opportunities whether that be through acquisitions or value-add capital expenditures.

The DOT permits the maximum amount of total liabilities to be 85% of the Fund's total assets. Under IFRS reporting, Management still continues to evaluate LTA ratios on both a market value basis and a traditional historical cost basis, whereby historical cost is defined as the acquisition cost of the assets plus the capital improvements expended thereon.

The total capital of the Fund as at December 31, 2025 is summarized in the following chart:

<b>As at December 31, 2025</b> (\$ thousands, except where noted)	<b>2025 (\$)</b>	<b>2024 (\$)</b>
<b>Total assets</b>	<b>\$416,687</b>	<b>\$384,625</b>
<b>Total liabilities</b>	<b>\$184,414</b>	<b>\$212,043</b>
Unitholders' equity	211,349	151,808
Non-controlling interests	20,924	20,774
<b>Total capital</b>	<b>\$416,687</b>	<b>\$384,625</b>
<b>Total liabilities to total assets</b>	<b>44.26%</b>	<b>55.13%</b>



## CAPITAL STRUCTURE CONT.

Loans Payable (\$ thousands, except where noted)	Future Minimum Principal Payments (\$)	% of Total Loans (\$)
2026	38,256	23.8
2027	21,976	13.7
2028	22,842	14.2
2029	21,526	13.4
2030	18,775	11.7
Thereafter	37,264	23.2
<b>Total loans payable as at December 31, 2025</b>	<b>\$160,639</b>	<b>100.0%</b>

### Investment Summary

During the year ended December 31, 2025, the Fund received net proceeds of \$49.7 million through new investments, net of redemptions.

During the year ended December 31, 2025, Management purchased \$10.6 million of Units for redemption at 100% of Unit market value.

SCEF Unitholders - Investment Activity (\$ thousands, except where noted)	2025		2024	
	Number of Units	Amount (\$)	Number of Units	Amount (\$)
<b>SCEF units outstanding, beginning of year</b>	<b>13,757,347</b>	<b>\$236,626</b>	<b>12,864,018</b>	<b>\$201,065</b>
Proceeds from Units issued - Class A	2,850,076	52,342	1,774,033	29,578
Proceeds from EUPP	12,856	233	-	-
Proceeds from Units issued - Class F	421,982	7,725	334,300	5,628
Redemption of Units - Class A	(566,630)	(10,253)	(1,201,781)	(19,767)
Redemption of Units - Class F	(18,038)	(330)	(13,223)	(224)
Change in fair value	-	22,236	-	20,347
<b>SCEF Units outstanding, end of year</b>	<b>16,457,592</b>	<b>\$308,580</b>	<b>13,757,347</b>	<b>\$236,626</b>
<b>Weighted average SCEF Units outstanding</b>	<b>14,870,551</b>		<b>13,163,360</b>	

*(table continued on next page)*



## CAPITAL STRUCTURE CONT.

SCEF Unitholders - Investment Activity (\$ thousands, except where noted)	2025		2024	
	Number of Investors	Amount (\$)	Number of Investors	Amount (\$)
<b>Number of new investors - Class A</b>	<b>250</b>	<b>\$28,529</b>	<b>180</b>	<b>\$18,605</b>
<b>Number of repeat investors - Class A</b>	<b>226</b>	<b>\$24,046</b>	<b>114</b>	<b>\$10,973</b>
<b>Number of redemptions - Class A</b>	<b>103</b>	<b>\$(10,253)</b>	<b>115</b>	<b>\$(19,767)</b>
<b>Number of new investors - Class F</b>	<b>27</b>	<b>\$876</b>	<b>180</b>	<b>\$5,628</b>
<b>Number of repeat investors - Class F</b>	<b>229</b>	<b>\$6,849</b>	<b>-</b>	<b>\$-</b>
<b>Number of redemptions - Class F</b>	<b>30</b>	<b>\$(330)</b>	<b>260</b>	<b>\$(224)</b>
New investment average (\$) - Class A		114		103
Repeat investment average (\$) - Class A		106		96
Redemption average (\$) - Class A		(100)		(172)
New investment average (\$) - Class F		32		31
Repeat investment average (\$) - Class F		30		-
Redemption average (\$) - Class F		(11)		(1)



## CAPITAL STRUCTURE CONT.

### NON-CONTROLLING INTERESTS

During the year ended December 31, 2025, the balance of non-controlling interests consisted of:

(\$ thousands, except where noted)	2025 (\$)	2024 (\$)
<b>Opening balance at beginning of year</b>	<b>\$20,774</b>	<b>\$22,150</b>
Net income (loss) attributable to non-controlling interests	300	(984)
Distribution to non-controlling interests	(150)	(392)
<b>Closing balance at end of year</b>	<b>\$20,924</b>	<b>\$20,774</b>

## UNITHOLDER TAXATION

Each SCEF Unit represents an undivided beneficial interest in distributions by the Fund, whether of net income, net realized capital gains or other amounts, and, in the event of a liquidation, dissolution, winding-up or other termination of the Fund, in the net assets of the Fund remaining after satisfaction of all liabilities. The distribution entitlement of each SCEF Unit is intended to and will be derived from the same sources.

The DOT provides that the Fund may distribute to Unitholders as determined by the trustees in their discretion for each calendar month or other calendar period selected by the trustees.

It is the current intention of the trustees that, until such time as the trustees determine otherwise, any distributions received by the Fund from Skyline Clean Energy Limited Partnership (“**SCELP**” or “**LP**”) will be reinvested so that additional renewable infrastructure assets may be acquired by SCELP. Unitholders may be taxed on net income of the Fund which is paid or payable to them to the extent that the Fund deducts such amounts in computing its income. As a result, Unitholders may be required to pay tax on such amounts although no cash was received from the Fund.

During the year ended December 31, 2025, there were no distributions paid to Class A Unitholders, no distributions paid to Class F Unitholders, \$46,193 of additional SCEF Units distributed to Class F Unitholders and no net income was paid or payable. Therefore, there was no tax impact to SCEF Unitholders for fiscal 2025.



## RELATED PARTY TRANSACTIONS

The executive officers of the Fund do not receive direct salary compensation from the Fund. Rather, Skyline Clean Energy GP Inc. (“SCEGPI” or “**General Partner**” or “**GP**”), as General Partner of SCEL, is entitled to distributions under the SCEL limited partnership agreement (“**GP Sharing**”). Additionally, the executive officers receive compensation from the related management companies that service the Fund and SCEL (“**Management Services**”).

### GP SHARING

Distributions accrued as at December 31, 2025 are as follows:

(\$ thousands, except where noted)	2025 (\$)	2024 (\$)
GP sharing on net income	2,770	3,484
<b>Total General Partner distribution payable</b>	<b>\$2,770</b>	<b>\$3,484</b>

Distributions under the GP Sharing arrangement occur when SCEL’s net income, excluding depreciation and unrealized gain or loss, for a fiscal year is greater than 7.5% of the weighted average market value of Units outstanding for such fiscal year. This variance is shared at a ratio of 20% to SCEGPI and 80% to SCEL. A provision for the future distributions payable to SCEGPI has not been recorded since the timing and amount of the distributions payable cannot be reasonably estimated. During December 31, 2025, SCEGPI earned distributions of \$2.8 million (2024 - \$3.5 million).

### MANAGEMENT SERVICES

Fees incurred for the year ended December 31, 2025 are as follows:

(\$ thousands, except where noted)	2025 (\$)	2024 (\$)
Asset management fees	1,335	1,214
Property management fees	514	507
Acquisition fees	42	29
Wealth management and equity raise fees	1,842	1,158
Legal and administrative fees	303	300
Operations and maintenance fees	215	290
Repairs and maintenance expenses	285	318
Capital improvement costs	127	262
Accounting and finance fees	820	688
<b>Total management fees</b>	<b>\$5,483</b>	<b>\$4,771</b>



## RELATED PARTY TRANSACTIONS CONT.

SCEF has an asset management agreement with the Asset Manager, which provides for the payment of an annual asset management fee to the Asset Manager during the term in an amount equal to 2% of the gross revenues of the solar and biogas assets which will be calculated and payable monthly, a property management fee that varies from \$2 per kW DC to \$5 per kW DC, plus an annual flat fee of \$1,000 to \$2,500 per asset, a one-time fee for debt underwriting of 50 basis points on the total loan value of any financing completed in respect of business assets, a one-time fee for new development or major capital improvement projects in respect to business assets of a maximum of 1% of the total project value, a participation fee in respect of any dispositions of 20% subject to qualifications and an acquisition fee equal to a maximum of 1% of the total deal value acquired, which is calculated as the equity consideration for the transaction plus the amount of assumed debt, adjusted for the ownership percentage and paid upon completion of the acquisition. Under the asset management agreement, the Asset Manager is responsible for employment expenses of its personnel, rent, and other office expenses of the Asset Manager.

SCEF has two wealth management agreements with Skyline Wealth Management Inc. (“Exempt Market Dealer”). Fees payable under the wealth management agreements include monthly wealth management fees and equity raise fees as set out in the below table:

Length of Investment	Capital	Class A	Class F
Up to 2 years in the class	New capital	1.5%	1.5%
	DRIP	1.0%	1.0%
More than 2 years in the class	New Capital	1.0%	1.5%
	DRIP	0.5%	1.0%
<b>All</b>	<b>Equity under management</b>	<b>1/12 of 0.3% monthly</b>	<b>1/12 of 0.2% monthly</b>

Under the Wealth Management Agreement, the Exempt Market Dealer is responsible for employment expenses of its personnel, rent and other office expenses of the Exempt Market Dealer in connection with providing services to the Fund under the Wealth Management Agreement.

SCEF paid fees to Skyline Private Investment Capital Inc. (“**Professional Services Provider**”) wherein the Professional Services Provider provides advice to SCEF on the use of external legal counsel, manages external legal counsel on behalf of SCEF, and provides accounting and corporate finance services to SCEF. Subject to the receipt of the applicable fees, the Professional Services Provider is responsible for employment expenses of its personnel, rent and other office expenses.

SCEF has an agreement with the Asset Manager, which provides for the payment of a \$1,500 flat service fee per year or payment based on a fee schedule approved by the independent trustees for the operations and maintenance and repairs and maintenance services for the solar assets. Under this agreement, the Asset Manager is responsible for employment expenses of its personnel, rent, and other office expenses of the Asset Manager.

SCEF paid fees to Anvil Crawler Development Corp. (“**ACDC**”) for repairs and maintenance and capital improvement services for the solar assets. Subject to the receipt of the applicable fees, ACDC is responsible for employment expenses of its personnel, rent and other office expenses.



## RELATED PARTY TRANSACTIONS CONT.

SCEF has an agreement with the Asset Manager wherein the Asset Manager has been engaged by SkyMar Biogas Holdings LP to provide advisory, administrative and asset management services to SkyMar Biogas in relation to business of the SkyMar Biogas Holdings LP and its subsidiaries. The Asset Manager is paid a monthly management fee equal to 1/12th of 2% of adjusted gross revenues, a one-time fee for debt underwriting equal to 50 bps, a one-time fee for new developments equal to a maximum of 1%, and a one-time fee for acquisitions equal to a maximum of 1%.

Operations and maintenance agreements have been entered into between subsidiaries of Skyline Clean Energy LP and Black & Veatch Canada Company in regards to several solar projects. Each project has a service fee of \$11.60 kW DC of installed DC capacity subject to a 4% annual escalation plus service fees and materials.

SCEF has an arrangement with Skyline Enterprises Management Inc. ("Administration Manager"), who delivers all human resources services required to support management of employees, delivers all marketing services, provides information technology services to support software and hardware, and provides sustainability initiatives services to SCEF, the costs for which are approved annually by SCEF's independent trustees.



## RISKS AND UNCERTAINTIES

There are certain risk factors inherent in an investment in the SCEF Units and in the activities of the Fund, which subscribers should carefully consider before subscribing for SCEF Units. If any such risks actually occur, the financial condition and results of operations of the Fund could be materially adversely affected and the financial performance of the Fund and the ability of the Fund to satisfy requests for redemptions of Units could be materially adversely affected. The following is a summary only of the risk factors involved in an investment in the SCEF Units. Prospective purchasers should review the risks with their financial, legal and tax advisors.

### (I) INVESTMENT RISKS

#### **No Guarantee that Investment will be Successful**

All investments in securities involve risk of the loss of all or part of the investor's original capital, including any investment in SCEF Units. There is no guarantee that purchasers will not realize losses from an investment in SCEF Units and there can be no assurance that the Fund's objectives will be achieved. The purchaser may lose all of their investment. The success of the Fund depends to a certain extent on the efforts and abilities of the management of the Fund and the Asset Manager, and on external factors which are out of the Fund's control. A return on investment for a purchaser of SCEF Units depends upon the ability of SCELP to pay distributions to the Fund. As a result, there is no guarantee that the Fund, and correspondingly, the Unitholders will earn a return on their investment.

#### **Liquidity**

An investment in SCEF Units is an illiquid investment. There is currently no market through which SCEF Units may be sold and redemptions are subject to restrictions imposed in the DOT and applicable securities regulation. The Fund is not a "reporting issuer" in any jurisdiction, and a prospectus has not qualified the issuance of SCEF Units. Accordingly, investors will be unable to sell their SCEF Units, subject to some limited exceptions. Consequently, holders of SCEF Units may not be able to liquidate their investment in a timely manner.

#### **Tax Related Risks**

There can be no assurance that income tax laws and the administrative policies and assessing practices of the Canada Revenue Agency respecting the treatment of

mutual fund trusts will not be changed in a manner which adversely affects the Fund or the SCEF Unitholders. If the Fund fails or ceases to qualify as a mutual fund trust for purposes of the *Income Tax Act*, the tax consequences for the Fund would in some respects be materially and adversely different. For instance, in such a case, the SCEF Units will cease to be qualified investments for Registered Plans at that time. Further, the Fund may be subject to alternative minimum tax under section 127.5 of the *Income Tax Act* and to tax under Part XII.2 of the *Income Tax Act* for such taxation year. Part XII.2 tax would apply to the extent that designated income (which includes income from real property) is distributed to a designated beneficiary (which includes non-resident persons and certain tax-exempt persons). In addition, Unitholders may become subject to provincial taxes, such as Ontario Land Transfer Tax, in respect of their SCEF Units.

If investments in the Fund become listed or traded on a stock exchange or other public market, there can be no assurances that the Fund will not be subject to the specified-investment flow-through rules ("**SIFT Rules**") at that time. If this was to occur, the application of the SIFT Rules may reduce the amount of cash available for distribution to Unitholders and may adversely affect the after-tax return to certain investors on their SCEF Units.

The Fund or its subsidiaries may be reassessed for taxes from time to time. Such reassessments together with associated interest and penalties could adversely affect the Fund.

The possibility exists that a SCEF Unitholder will receive allocations of income without receiving cash distributions from the Fund in the year sufficient to satisfy the SCEF Unitholder's tax liability for the year arising from its status as a SCEF Unitholder.



## RISKS AND UNCERTAINTIES CONT.

Since the net income of the Fund may be distributed in any given month, a purchaser of a Unit may become taxable on a portion of the net income of the Fund accrued or realized by the Fund in a month before the time the Unit was purchased but which was not paid or made payable to SCEF Unitholders until the end of the month and after the time the Unit was purchased. A similar result may apply on an annual basis in respect of a portion of capital gains accrued or realized in a year before the time the Unit was purchased, but which is paid or made payable to SCEF Unitholders at year-end and after the time the Unit was purchased.

If the Fund experiences a “loss restriction event” (“LRE”) (as defined in the *Income Tax Act*) (i) it will be deemed to have a year-end for tax purposes immediately before the LRE occurs, (ii) unless any net income and net realized capital gains at such year end is distributed or otherwise made payable to SCEF Unitholders to the extent required for the Fund not to be liable for income taxes, it would be subject to tax under Part I of the Tax Act, and (iii) the Fund will be restricted in its ability to use tax losses (including any unrealized capital losses) that exist at the time of the LRE. In general, a trust will be subject to an LRE if a person becomes a “majority-interest beneficiary” or a group of persons becomes a “majority-interest group of beneficiaries”, of the trust, as those terms are defined in the *Income Tax Act*. Generally, a majority-interest beneficiary of a trust is a beneficiary in the income or capital, as the case may be, of the trust whose beneficial interests, together with the beneficial interests of persons and partnerships with whom the beneficiary is affiliated, have a fair market value that is greater than 50% of the fair market value of all the interests in the income or capital, as the case may be, of the trust. The Fund may have due diligence and reporting obligations under the U.S. Foreign Account Tax Compliance Act and the OECD’s Common Reporting Standard. Unitholders may be required to provide the Fund and, if applicable, their foreign tax identification number, and the Fund may be required to report the required information to the Canada Revenue Agency, who will provide that information to the U.S. Internal Revenue Service and the relevant foreign tax authority, as applicable.

### Dilution

The number of SCEF Units that the Fund is authorized to issue is unlimited. The trustees have the discretion to issue additional SCEF Units in other circumstances, pursuant to SCEF’s various incentive plans. Any issuance of additional SCEF Units may have a dilutive effect on the holders of SCEF Units.

### No Independent Counsel for Unitholders

Legal counsel that assisted in preparing the documentation in connection with the MD&A acted as legal counsel for the Fund. No independent counsel was retained on behalf of the Unitholders. There has been no review by independent counsel on behalf of the Unitholders of this MD&A, the DOT or any other documentation in relation to the MD&A. No due diligence has been conducted on behalf of Unitholders by counsel. Each prospective purchaser should consult his or her own legal, tax and financial advisors regarding the desirability of purchasing the SCEF Units and the suitability of investing in the Fund.

### Unitholder Liability

Because of uncertainties in the law relating to investment trusts, there is a risk, which is considered by counsel to be remote in the circumstance, that a Unitholder could be held personally liable for obligations of the Fund (to the extent that claims are not satisfied by the Fund) in respect of contracts which the Fund enters into and for certain liabilities arising other than out of contract including claims in tort, claims for taxes and possibly certain other statutory liabilities. The trustees intend to cause the Fund’s operations to be conducted in such a way as to minimize any such risk including by obtaining appropriate insurance and, where feasible, attempting to have every material written contract or commitment of the Fund contain an express disavowal of liability against Unitholders.



## RISKS AND UNCERTAINTIES CONT.

### Nature of SCEF Units

SCEF Units are not the same as shares of a corporation. As a result, SCEF Unitholders will not have the statutory rights and remedies normally associated with share ownership, such as the right to bring “oppression” or “derivative” actions.

### SCEF Units Not Insured

The SCEF Units are not “deposits” within the meaning of the *Canada Deposit Insurance Corporation Act* and are not insured under the provisions of that act or any other legislation. Furthermore, the Fund is not a trust company and, accordingly, it is not registered under any trust and loan company legislation as it does not carry on or intend to carry on the business of a trust company.

### Conflicts of Interest and Concentration of Control

The Fund operates within a business structure that involves a number of existing and potential conflicts of interest. The Skyline Group of Companies and persons affiliated therewith play multiple roles in connection with the Fund and its related parties. As a result, certain decisions affecting the Fund may involve the consideration of interests other than, or in addition to, the interests of Unitholders.

In addition, the governance and strategic decision making of the Fund is highly centralized. In accordance with the DOT, the General Partner has the right to appoint trustees such that a majority of the trustees may be Skyline Appointees. The trustees retain broad discretion with respect to the management and operation of the Fund, including decisions relating to acquisitions, dispositions, financings, distributions, redemptions, liquidity management, fee arrangements and certain amendments to the Fund’s governing documents. Unitholders do not have the ability to direct or control the day to day operations of the Fund, and their ability to influence the Fund’s affairs is limited to those matters requiring Unitholder approval under the DOT and applicable law.

While the DOT contains conflict of interest provisions intended to protect Unitholders, including disclosure requirements, abstention from voting by conflicted trustees and officers, and approval of certain matters by independent trustees, such safeguards do not eliminate all conflicts of interest. In particular, the existence of independent trustee approval requirements does not preclude situations where the interests of the Skyline Group of Companies may differ from the interests of some or all Unitholders, including with respect to the timing of transactions, the exercise of discretionary powers, the implementation of proposed amendments to the DOT, or the allocation of opportunities and resources among affiliated entities.

There can be no assurance that conflicts of interest will be resolved in a manner that is favourable to all Unitholders, or that the exercise of discretion by the trustees or affiliated persons will not result in outcomes that differ from the expectations or preferences of individual Unitholders. Prospective purchasers should carefully review the governance structure of the Fund, the relationships among the Fund and related parties, and the conflict of interest provisions described in this MD&A before deciding whether to invest in the Fund.

### Disclosure of Personal Information

Purchasers are advised that their names and other specified information, including the number and aggregate value of the SCEF units owned: (a) will be disclosed to the relevant Canadian Securities Regulatory Authorities and may become available to the public in accordance with the requirements of applicable securities and freedom of information laws and the investor consents to the disclosure of such information; (b) is being collected indirectly by the applicable Canadian Securities Regulatory Authority under the authority granted to it in securities legislation; (c) is being collected for the purposes of the administration and enforcement of the applicable Canadian Securities Legislation; and (d) is disclosed to the Asset Manager and the Wealth Manager.



## RISKS AND UNCERTAINTIES CONT.

### **Potential Redemption Fees and Impact on Class F SCEF Units and Class I SCEF Units**

Although Class F SCEF Units and Class I SCEF Units are not currently subject to early redemption fees, subject to the approval by Unitholders of the proposed amendments to the DOT and the implementation of such amendments by the trustees, Class F SCEF Units issued on or after July 1, 2026 and Class I SCEF Units issued following such approval and implementation may become subject to locked in periods and early redemption fees.

If such proposed amendments are approved and implemented, purchasers of Class F SCEF Units and Class I SCEF Units could experience reduced liquidity and, in the case of early redemption during an applicable locked in period, may receive redemption proceeds that are reduced by an applicable early redemption fee calculated as a discount to the applicable redemption amount, which could materially affect the net amount ultimately realized by such purchasers, particularly where redemption timing does not align with an investor's liquidity needs.

There can be no assurance that the proposed amendments to the DOT will be approved or implemented. However, if approved and implemented, such amendments could result in differences in net realized value among classes of SCEF Units. Prospective purchasers of Class F SCEF Units and Class I SCEF Units should carefully review the proposed amendments to the DOT in this MD&A and consider the potential impact on their investment objectives and time horizon prior to subscribing for SCEF Units.

## **(II) ISSUER RISKS**

### **Disclosure Obligations**

The Fund is not a reporting issuer and does not have any continuous disclosure obligations. The Fund will make annual audited financial statements reasonably available to Unitholders. In addition, the Fund will make reasonably available to Unitholders such other information as required by applicable securities laws

for a non-reporting issuer that distributes securities using the "offering memorandum" exemption under NI 45-106, including audited annual financial statements, annual notices of use of proceeds and notices of certain key events, if any, and when applicable.

### **Equipment Failure**

The Fund's clean energy assets may not sustain continued levels of performance because of the risk of equipment failure due to, among other factors, wear and tear, design error, operator error, latent defect, or early obsolescence, all or any of which could have materially adverse effects to the Fund's financial position and operations.

### **Financing**

The Fund may utilize debt financing, and will be subject to the risks associated with debt financing, including the risk that the Fund may be unable to make interest or principal payments or meet loan covenants, the risk that defaults under a loan could result in cross defaults or other lender rights or remedies under other loans, and the risk that existing indebtedness may not be able to be refinanced or that the terms of such refinancing may not be as favourable as the terms of existing indebtedness.

### **Redemptions**

The entitlement of SCEF Unitholders to receive cash in respect of SCEF units tendered for redemption is subject to a monthly limit. Where the monthly limit is exceeded (subject to the discretion of the trustees), a portion of the redemption amount to which the Unitholder would otherwise be entitled shall be paid and satisfied in cash and, subject to receipt of all necessary regulatory approvals, the remainder shall be paid and satisfied by way of issuance to the SCEF Unitholder of a trust note in accordance with the DOT.



## RISKS AND UNCERTAINTIES CONT.

### Contract Non-renewal

The Fund proposes to hold multiple fixed and variable-rate, long-term contracts to generate and sell energy. Alongside these contracts are long-term lease agreements to the facilities on which certain clean energy assets are housed. The Fund generally expects that such contracts will be renewed; however, if the Fund is not granted such renewal rights, or if such renewal rights are subject to conditions which would result in additional costs, or would impose additional restrictions to income (e.g., a cap on energy production), the profitability and operational activity of the Fund could be negatively impacted.

### Competition

The Fund will experience competition in all aspects of its business, including competition for investment opportunities, financing, personnel, and feedstock supplies. As renewable energy markets expand and mature, competition may increase and have a material adverse effect on the Fund's business, financial condition and results of operations. The Fund will require a continued high level of investment in research and development, expansion and sales and marketing.

### Adverse Changes to the Availability of Investment Opportunities

The Fund's strategy for building value for its Unitholders is to seek out and acquire or develop high-quality clean energy assets and businesses that generate sustainable, growing cash flows, with the objective of achieving appropriate risk-adjusted returns over the long-term. However, no certainty can be provided that the Fund will be able to find sufficient investment opportunities and complete transactions that meet the desired investment criteria. As of the date of this MD&A, the Fund's main competitor in respect to the investment in solar energy assets is Potentia Renewables, a Canadian solar energy company focused on the acquisition, development, engineering, procurement, construction and long-term ownership of solar projects. Competition for assets may grow significantly, and competition from other well-capitalized investors or

companies may significantly increase the purchase price of desired investments, which may inhibit the Fund's ability to compete for future acquisitions.

### Management Risk

The Fund's future success depends on its ability and any potential portfolio companies to retain their key executives and to attract, retain and motivate qualified personnel. The Fund may acquire businesses or products, or form strategic alliances, in the future, and the Fund may not realize the benefits of such acquisitions. The Fund's success depends on its ability to effectively manage its growth.

### Access to and Dependence on Key Personnel

The Asset Manager and asset operators depend on the availability of qualified personnel and may be dependent upon the services of certain key personnel. The loss of or inability to hire qualified personnel or the loss of key personnel could have a material adverse effect on the Fund.

### Concentration and Composition of the Portfolio

The Fund will primarily invest in clean energy assets, although the Fund may also hold clean energy-related investments and some cash and cash equivalents. Given the concentration of clean energy assets, the Fund will be more susceptible to adverse economic or regulatory occurrences affecting clean energy assets than investment vehicles such as investment funds that hold a diversified portfolio of securities. Investments in clean energy assets are relatively illiquid. Such illiquidity will tend to limit the Fund's ability to vary its portfolio of clean energy assets promptly in response to changing economic or investment conditions.

The investment objectives and investment restrictions of the Fund permit the Fund to invest in a broad spectrum of clean energy assets. Therefore, the composition of the Fund's asset may vary widely from time to time. As a result, the returns generated by the Fund's clean energy assets may change as the portfolio of assets changes.



## RISKS AND UNCERTAINTIES CONT.

### **Failure to Obtain or Maintain Regulatory Clearances or Approvals**

The Fund's acquisitions and investments will be operating businesses that may involve the development of new and innovative technologies. Consequently, the testing of the products may yield negative results, requiring reengineering of the products. If these businesses are unable to address the negative tests, they will be unable to obtain regulatory approval and generate sales. Furthermore, if these businesses are unable to obtain clearances or approvals needed to market existing or new products, or obtain such clearances or approvals in a timely fashion, their business would be significantly disrupted, and their sales and profitability could be materially and adversely affected, which could in turn affect the Fund's profitability.

### **Access to Capital**

The clean energy industry is highly capital intensive. The Fund will require access to capital to maintain its clean energy assets, as well as to fund its growth strategy and significant capital expenditures from time to time. There is no assurance that capital will be available when needed or on favourable terms.

### **Dependence on Key Personnel**

The management of the Fund depends on the services of certain key personnel. The termination of employment of any of these key personnel could have a material adverse effect on the Fund.

### **Employee Errors or Misconduct**

Notwithstanding the measures the Fund intends to take to deter and prevent employee error and misconduct, there remains a risk that such actions could occur. Employee misconduct may involve binding the Fund to transactions beyond authorized limits or present unacceptable risks, or concealing unauthorized or unsuccessful activities, potentially leading to unmanaged risks or losses. Employee misconduct could also involve the improper use of confidential

information, which could result in regulatory sanctions and serious reputational harm. The Fund is also susceptible to loss as a result of employee error. It is not always possible to deter employee misconduct or prevent employee error and the precautions taken to prevent and detect this activity may not be effective in all cases, which could materially adversely affect the Fund.

### **Unexpected Costs or Liabilities Related to Acquisitions**

A risk associated with acquisitions is that there may be an undisclosed or unknown liability concerning an acquired asset, and the Fund may not be indemnified for some or all of these liabilities. Following an acquisition, the Fund may discover that it has acquired undisclosed liabilities, which may be material. The due diligence procedures performed by the Asset Manager are designed to address this risk. The Asset Manager will perform what it believes to be an appropriate level of investigation in connection with the acquisition of clean energy assets by the Fund and seeks through contract or insurance to mitigate risks.

### **Insurance Coverage**

The Fund requires insurance coverage for a number of risks, including business interruption, environmental matters and contamination, personal injury, property damage and other civil and regulatory claims, and also obtains representation and warranty insurance in connection with certain purchase and sale transactions. Although the Fund believes that the events and amounts of liability covered by its insurance policies will be reasonable, taking into account the risks relevant to its business, there can be no assurance that such coverage will be available or sufficient to cover claims to which the Fund may become subject. If insurance coverage is unavailable or insufficient to cover any such claims, the Fund's financial resources, results of operations and prospects could be adversely affected. The Fund will endeavour to maintain insurance at levels that it believes are reasonable and that are typical for its industry's insurance coverage. However, the Fund cannot give



## RISKS AND UNCERTAINTIES CONT.

any assurances that its insurance coverage is adequate for any given risk or liability, that such insurance will continue to be available on commercially reasonable terms or at all, that all events that could give rise to a loss or liability are insured or reasonably insurable or that its insurers would be capable of honouring their commitments if an unusually high number of claims were made against their policies. Certain losses are not covered by insurance. If the Fund incurs losses not covered or not fully covered by its insurance policies, such losses may adversely affect its business, results of operations, financial condition and prospects.

### Litigation Risk

The Fund or SCEL P may, from time to time, become involved in legal proceedings in the course of its business. The costs of litigation and settlement can be substantial and there is no assurance that such costs will be recovered in whole or at all. The unfavourable resolution of any legal proceedings could have an adverse effect on the Fund's financial position and results of operations that could be material.

### Protection of Intellectual Property

The business of SCEL P is partly dependent on its intellectual property and that of any potential portfolio companies. In order to protect its intellectual property rights, SCEL P or any potential portfolio companies, may be required to spend significant resources to monitor and protect these rights. Any future patent applications may not result in a patent being issued with the scope of SCEL P's initial claims or at all. In some cases, trade secret protection and confidentiality agreements will be entered into in order to safeguard SCEL P's interests and business. Litigation brought to protect and enforce SCEL P's intellectual property rights (by application and/or acquisition) could be costly, time-consuming and distracting to management and could result in the impairment or loss of portions of its intellectual property. Furthermore, efforts to enforce its intellectual property rights may be met with defenses, counterclaims and countersuits attacking the validity and enforceability of its intellectual property rights.

Failure to secure, protect and enforce its intellectual property rights could seriously harm its brand and adversely affect business of SCEL P and any potential portfolio companies.

To date, SCEL P has not been a party to any litigation alleging the possible infringement of patents, copyrights, trademarks, trade secrets or other intellectual property rights claimed by third parties. There can be no assurance, however, that such litigation would not ensue in the future against one or more of them. Because of the competitive nature of the technology and the industry, litigation alleging infringement of intellectual property rights of others is not uncommon. The defense of suits or bringing suits against others alleging infringement of intellectual property rights would incur significant costs, irrespective of the validity or the successful assertion of such claims. Claims of this nature could have a material adverse impact on SCEL P, results of operation and financial condition.

### Controls over Financial Reporting

The Fund maintains information systems, procedures, and controls to ensure all information disclosed externally is as complete, reliable, and timely as possible. Such internal controls over financial reporting are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements for external purposes in accordance with IFRS.

Because of the inherent limitations in all control systems, including well-designed and operated systems, no control system can provide complete assurance that the objectives of the control system will be met. Furthermore, no evaluation of controls can provide absolute assurance that all control issues, including instances of fraud, if any, will be detected or prevented. These inherent limitations include the possibility that management's assumptions and judgments may ultimately prove to be incorrect under varying conditions and circumstances and the impact of isolated errors.



## RISKS AND UNCERTAINTIES CONT.

Additionally, controls may be circumvented by the unauthorized acts of individuals, by collusion of two or more people, or by management override. The design of any system of controls is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential conditions.

### Cybersecurity Risk

The efficient operation of the Fund's business is dependent on computer hardware and software systems. Information systems are vulnerable to cybersecurity incidents. A cybersecurity incident is considered to be any material adverse event that threatens the confidentiality, integrity or availability of the Fund's information resources. A cybersecurity incident is an intentional attack or an unintentional event including, but not limited to, malicious software, attempts to gain unauthorized access to data or information systems, and other electronic security breaches that could lead to disruptions in critical systems, unauthorized release of confidential or otherwise protected information and corruption of data. The Fund's primary risks that could directly result from the occurrence of a cyber incident include operational interruption, damage to its reputation, the disclosure of confidential information including personally identifiable information, potential liability to third parties, loss of revenue, additional regulatory scrutiny, and fines, as well as litigation and other costs and expenses. The Fund has cybersecurity insurance in place to mitigate cybersecurity risk. These measures, as well as its increased awareness of a risk of a cyber incident, do not guarantee that its financial results will not be negatively impacted by such an incident.

### Infrastructure Inaccessibility

The Fund's ability to sell electricity and renewable fuels is reliant on the availability of, and access to, the various transmission systems used to deliver power to the delivery points that will be stipulated by the Fund's energy fulfillment contracts. The absence of

this availability and access to infrastructure, or the operational failure of existing transmission systems, may have a material adverse effect on the Fund's ability to deliver electricity and/or renewable fuel to its various counterparties, which could, in turn, negatively impact the Fund's financial position and operations.

### Health, Safety, Security and Environmental

The ownership and operation of the Fund's clean energy assets carries inherent risks related to health, safety, security, and the environment, including the risk of government-imposed orders to remedy unsafe conditions. The Fund could be exposed to potential penalties and civil liability if health, safety, security, and environmental laws are contravened.

### Changes in Investment Strategy

The Asset Manager may change the Fund's investment strategies and restrictions, without prior approval of Unitholders, to adapt to changing circumstances and to help achieve the Fund's fundamental investment objectives; however, a change to the Fund's fundamental investment objective itself requires prior Unitholder approval.

## (III) INDUSTRY RISKS

### Risk of Changes to Government Incentives

Development of new clean energy sources and the overall growth of the clean energy industry has recently been supported by provincial and/or national policies and incentives. Some of the Fund's projects may benefit from such policies and incentives. The attractiveness of clean energy to purchasers of clean energy assets, as well as the economic return available to project sponsors, is often enhanced by such policies and incentives. There is a risk that policies and regulations that provide incentives for clean energy could change or expire in a manner that adversely impacts the market for renewables generally. Any such changes may impact the competitiveness of clean energy generally and the economic value of clean energy projects in particular.



## RISKS AND UNCERTAINTIES CONT.

In 2018, the government of the Province of Ontario passed legislation to repeal the *Green Energy Act*, and thereby terminate the FIT Program. Nonetheless, the Fund believes that it is unlikely that the repeal of the *Green Energy Act* will impact existing FIT Contracts that are operational or in advanced stages of development, referred to by IESO as having received a “Notice to Proceed”. Since the Fund would only acquire clean energy assets that were at or after this stage, the Fund believes that the risk of changes resulting from the repeal of the *Green Energy Act* is manageable.

### Regulatory and Political Risks

The Fund’s business activities are subject to changes in governmental regulatory requirements and the applicable governing statutes, including regulations related to the environment, unforeseen environmental effects, general economic conditions and other matters beyond the control of the Fund. Moreover, the Fund’s operations may be subject to extensive regulation by various government agencies at the municipal, provincial, state and federal levels. There is always the risk of changes being made in government policies and laws, which may result in increased rates, such as for water rentals, and for income, capital and municipal taxes. In addition, the Fund, in the future may be subject to the application of ESG legislation and/or regulation. Such ESG legislation and/or regulation may cause the Fund to incur costs to comply with same. Reporting requirements may also result in additional time and costs dedicated to mandatory reporting of climate change and sustainability standards, as may be required in the future pending the expansion of Canadian Sustainability Disclosure Standards.

### Waste / Feedstock / Digestate Market Volatility

Revenue from the Fund’s biogas portfolio is derived from a combination of: (i) energy sales and (ii) fees under short-, medium- and long-term contracts from various feedstock (waste) suppliers including municipalities, commercial and industrial partners, and individual farmers and (iii) sales of digestate as fertilizer. While energy sales are primarily based on fixed price contracts, market prices for feedstock may be impacted

by a number of factors including: transportation costs; access to a closer processing facility; reduced carbon intensity; competition; regulatory changes (specifically landfill diversion policies); price of fertilizer; price of renewable fuels (renewable natural gas and electricity); cost of emitting CO<sub>2</sub> (specifically to feedstock suppliers); and the structure of the electricity and renewable fuels markets.

### Energy Market Volatility

While revenue from the majority of the Fund’s clean energy assets is currently derived from fixed-rate, long-term, contracts, the Fund may, from time to time, invest in clean energy assets that are in markets that may have exposure, either directly or indirectly, to a wholesale market price for energy. Additionally when clean energy assets with fixed-rate, long-term, contracts reach the end of those contracts they may have exposure, either directly or indirectly, to a wholesale market price for energy. Wholesale market prices are impacted by a number of factors including: the price of fuel (e.g. natural gas) that is used to generate electricity; the distribution of electricity generation and excess generation capacity relative to load in a particular market; the cost of controlling emissions of pollution, including the cost of emitting CO<sub>2</sub> (specifically to other market participants); the structure of the electricity and renewable fuels markets; and the weather conditions that impact electrical load.

Competition in solar markets globally and across the solar value chain is intense, and could remain that way for an extended period of time. An increased global supply of photovoltaic (PV) modules has caused and may continue to cause structural imbalances in which global PV module supply exceeds demand, which could have a material adverse effect on the Solar Portfolio and the Fund’s overall performance.

Any modification in government subsidies, economic incentives, tax incentives, renewable energy targets, and other support for on-grid solar electricity applications, or other adverse public policies, such as tariffs or other trade remedies imposed on solar cells



## RISKS AND UNCERTAINTIES CONT.

and modules, could negatively impact demand and/or price levels for the Fund's solar modules and systems and limit the Fund's growth or lead to a reduction in the Fund's net sales, thereby adversely impacting the Fund's operating results.

Assets of the solar portfolio may now or in the future use perovskite technology. Operating perovskite technology will be a subject of several federal, state, local and international laws and regulations linked with the environment and health protection, including those related with (i) the discharge of the pollutants into the air and water, (ii) the use and management of identified hazardous materials and wastes, (iii) the treatment of contaminated site and (iv) occupational health and safety.

Existing regulations and policies, changes thereto, and new regulations and policies may present technical, regulatory, and economic barriers to the purchase and use of PV products or systems, which may significantly reduce demand for certain modules and services provided by Fund assets.

### Interest Rates

It is anticipated that the market value for the SCEF Units at any given time may be affected by the level of interest rates prevailing at that time. A rise in interest rates may have a negative effect on the market value of the SCEF Units.

### Changing Regulation

Assets in the clean energy market are often subject to extensive regulation by various government agencies and regulatory bodies. As legal requirements commonly change and are the subject of varying interpretation and discretion, the Fund may be unable to predict the ultimate cost of compliance with these requirements or their long-term effects on operations. Any new law, rule or regulation may require additional unforeseen expenditures to achieve or maintain compliance or could negatively impact the Fund's ability to generate and deliver energy. Also, operations that are not

currently regulated may become subject to regulation which could ultimately result in additional cost to the Fund's business model.

### General Economic Conditions

There are economic trends and factors that are beyond the Fund's control. Such trends and factors include adverse changes in the conditions of the clean energy market, changes in the conditions of the broader energy market and the conditions of the domestic or global economy generally. Economic slowdown and downturn of global capital markets would make raising capital through equity or debt financing more difficult. The Fund is subject to liquidity risks in meeting developmental and future operating cost requirements in instances where cash positions are unable to be maintained or appropriate financing is unavailable. These factors may impact the Fund's ability to raise equity or obtain loans and other credit facilities in the future on terms favourable to the Fund and its Management.

It is not possible for the Fund to accurately predict economic fluctuations and the impact of such fluctuations on the Fund's performance.

### Impact of Climate Change, Natural Disasters, Geopolitical Risks, and Other Events

Various events, including climate change, natural disasters, extreme weather conditions, war and terrorism may cause a significant decline in the value of the Fund's assets, thereby having a material adverse effect on the Fund's business, financial condition and results of operations.

Unexpected and unpredictable events such as war, a widespread health crisis or global pandemic, terrorism, and related geopolitical risks may lead to increased market volatility in the short term and may have adverse more general long-term effects on world economies and markets, including Canadian and other economies and securities markets. For instance, the spread of coronavirus disease (COVID-19) caused volatility in the



## RISKS AND UNCERTAINTIES CONT.

global financial markets, led to major disruptions of global business activity and exposed the global economy to a potential slowdown. The impact of a pandemic such as COVID-19 may be limited to the short term or it may last for an extended period and could have a negative impact on the Fund. The effects of similarly unexpected disruptive events could impact world economies and securities markets in ways that cannot presently be anticipated, aggravate other existing risks, and cause substantial market volatility, resulting in significant adverse effects on issuers. Such impacts could also affect a Fund's performance and significantly reduce the value of a Unitholder's investment in the Fund.

There are risks of geopolitical instability, for example, from factors such as political conflict, sanctions, tariffs, protectionist trade policies (such as the incentives for onshoring manufacturing in the U.S. and other countries), income inequality, refugee migration, terrorism, armed conflict, the potential break-up of countries or political-economic unions, and political corruption. For example, the U.S. implemented significant tariff increases on imported goods and other trade restrictions, straining international trade relations and prompting retaliatory tariffs from foreign governments. Certain inputs essential for constructing and/or operating infrastructure that affects the Fund's performance may originate from jurisdictions subject

to such tariffs. The imposition of these tariffs or the inability to obtain such inputs from an alternative source may have an adverse effect on the Fund's business, assets, investments, operations and/or its financial results.

### **Asset Impairment due to Changing Technologies**

There exist other competing technologies for clean energy production, and while many of these still rely on subsidies to compete with conventional energy generation, research and development activities may aid such technologies in reducing production cost. In such an event, those technologies may compete directly or indirectly with the Fund for favourable energy fulfillment contracts, which may in turn have an adverse effect on the Fund's long-term financial position and operations.

### **Social Acceptance of Renewable Energy Projects**

The social acceptance by local stakeholders, including, in some cases, First Nations and other Indigenous peoples, and local communities is critical to the Fund's ability to find and develop new sites suitable for viable renewable energy projects. Failure to obtain proper social acceptance for a project may prevent the development and construction of a project and lead to the loss of all investments made in the development and the write-off of such prospective project.



## CRITICAL ACCOUNTING ESTIMATES

Preparing the audited consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the audited consolidated financial statements and reported amounts of revenue and expenses during the reporting period. Actual outcomes could differ from these estimates. These audited consolidated financial statements include estimates, which, by their nature, are uncertain. The impact of such estimates is pervasive throughout the audited consolidated financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimates are revised, and the revision affects both current and future periods.

Significant estimates and assumptions include the useful life of solar equipment, structures, biogas equipment and clean energy contracts, the valuation of right-to-use assets and lease liabilities, the valuation of the convertible debenture receivable, the valuation of the investment in equity securities, the valuation of carbon offset credits and CFR credits, the valuation of interest rate swap agreements, the valuation of the decommissioning liability, and the valuation of accounts payable and accrued liabilities.

Additional information on the significant estimates, judgments and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses are discussed in Note 3 in the audited consolidated financial statements for the period ended December 31, 2025.



## SUBSEQUENT EVENTS

Subsequent to December 31, 2025, SCEF issued 709,954 Class A Units for an aggregate value of \$13,687,914, issued 111,064 Class F Units for an aggregate value of \$2,137,782, redeemed 396,895 Class A Units for an aggregate value of \$7,642,705 and redeemed 73,141 Class F Units for an aggregate value of \$1,410,166.

Effective May 1, 2026, SCEF transitioned from quarterly to monthly unit value adjustments in an effort to provide greater flexibility, transparency, and opportunity to investors.

The following Unit price changes occurred subsequent to year end:

Effective Date	Unit Price
January 1, 2026	\$19.28
April 1, 2026	\$19.61
May 1, 2026	\$19.70

SCEF Unitholders - 2026 Investment Activity (to date) (\$ thousands, except where noted)	January 1, 2026 to March 31, 2026	
	Number of Units	Amount (\$)
<b>SCEF Units outstanding, January 1, 2026</b>	<b>16,457,592</b>	<b>\$308,580</b>
Proceeds from Units issued - Class A	718,891	13,873
Proceeds from EUPP	5,957	115
Proceeds from Units issued - Class F	111,064	2,138
Redemption of Units - Class A	(321,636)	(6,192)
Redemption of Units - Class F	(45,349)	(874)
Change in fair value	-	8,703
<b>SCEF Units outstanding, March 31, 2026</b>	<b>16,926,519</b>	<b>\$326,343</b>



## SUBSEQUENT EVENTS CONT.

SCEF Unitholders - 2026 Investment Activity (to date) (\$ thousands, except where noted)	January 1, 2026 to April 30, 2026	
	Number of Units	Amount (\$)
<b>SCEF Units outstanding, January 1, 2026</b>	<b>16,457,592</b>	<b>\$308,580</b>
Proceeds from Units issued - Class A	897,428	17,374
Proceeds from EUPP	9,204	179
Proceeds from Units issued - Class F	125,637	2,423
Redemption of Units - Class A	(482,949)	(9,302)
Redemption of Units - Class F	(75,494)	(1,465)
Change in fair value	-	14,236
<b>SCEF Units outstanding, April 30, 2026</b>	<b>16,931,419</b>	<b>\$332,025</b>



**SKYLINE CLEAN ENERGY FUND**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**

**SKYLINE CLEAN ENERGY FUND**  
**INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**

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## INDEPENDENT AUDITOR'S REPORT

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To the Unitholders of: Skyline Clean Energy Fund

### Opinion

We have audited the accompanying consolidated financial statements of Skyline Clean Energy Fund, which comprise the consolidated statement of financial position as at December 31, 2025 and December 31, 2024 and the consolidated statements of changes in unitholders' equity, income (loss) and comprehensive income (loss) and cash flows for the years then ended and notes to the consolidated financial statements, including a summary of material accounting policies and other explanatory information.

In our opinion, these consolidated financial statements present fairly, in all material respects, the consolidated financial position of Skyline Clean Energy Fund as at December 31, 2025 and December 31, 2024 and the consolidated results of its operations and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

### Basis of Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of Skyline Clean Energy Fund in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing Skyline Clean Energy Fund's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate Skyline Clean Energy Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Skyline Clean Energy Fund's financial reporting process.

### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Skyline Clean Energy Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Skyline Clean Energy Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Skyline Clean Energy Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Guelph, Ontario  
March 25, 2026

Chartered Professional Accountants  
Licensed Public Accountants

**SKYLINE CLEAN ENERGY FUND**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2025**  
(in thousands of Canadian dollars)

	<b>2025</b>	<b>2024</b> (note 38)
<b>ASSETS</b>		
Solar equipment and structures (note 6)	\$ 148,739	\$ 148,138
Biogas equipment (note 7)	31,175	34,079
Clean energy contracts (note 8)	114,206	124,165
Prepaid leases (note 9)	1,025	1,115
Right-of-use assets (note 10)	8,085	8,086
Land (note 11)	10,106	10,106
Investment in associate (note 13)	1,908	2,104
Investment in equity securities (note 14)	3,177	0
Convertible debenture receivable (note 15)	3,175	3,175
Interest rate swap agreements (note 24)	335	957
Loans receivable (note 16)	4,574	6,360
Inventories (note 17)	4,938	7,839
Other assets (note 18)	12,120	7,478
Due from related party (note 26)	73	0
Accounts receivable (note 19)	7,174	6,750
Short term investments (note 20)	0	32
Restricted cash (note 21)	10,706	10,160
Cash and cash equivalents	<u>55,171</u>	<u>14,081</u>
	<u>\$ 416,687</u>	<u>\$ 384,625</u>
<b>LIABILITIES AND UNITHOLDERS' EQUITY</b>		
Loans payable (note 22)	\$ 160,639	\$ 182,356
Note payable (note 23)	0	2,418
Lease liabilities (note 25)	8,916	7,404
Decommissioning liability (note 28)	1,313	1,265
Unamortized government assistance (note 29)	5,018	5,556
Due to related parties (note 26)	3,055	5,969
Accounts payable and accrued liabilities (note 27)	<u>5,473</u>	<u>7,075</u>
	<u>184,414</u>	<u>212,043</u>
Unitholders' equity (page 6)	211,349	151,808
Non-controlling interests (page 6) (note 35)	<u>20,924</u>	<u>20,774</u>
	<u>232,273</u>	<u>172,582</u>
	<u>\$ 416,687</u>	<u>\$ 384,625</u>

Trustee

Trustee

**SKYLINE CLEAN ENERGY FUND**  
**CONSOLIDATED STATEMENT OF CHANGES IN UNITHOLDERS' EQUITY**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**  
(in thousands of Canadian dollars)

	Unitholders' Equity	Non-Controlling Interests (note 35)	Total
<b>OPENING BALANCE - January 1, 2025</b>	\$ 151,808	\$ 20,774	\$ 172,582
Proceeds from units issued (note 36)	60,252	0	60,252
Units issued through distribution reinvestment plan (note 36)	48	0	48
Issuance costs (notes 26, 36)	(1,060)	0	(1,060)
Income and comprehensive income for the year	10,932	300	11,232
Distribution to non-controlling interest (note 35)	0	(150)	(150)
Redemptions (note 36)	(10,583)	0	(10,583)
Distributions paid	<u>(48)</u>	<u>0</u>	<u>(48)</u>
<b>CLOSING BALANCE - December 31, 2025</b>	<u>\$ 211,349</u>	<u>\$ 20,924</u>	<u>\$ 232,273</u>
<b>OPENING BALANCE - January 1, 2024</b>	\$ 136,578	\$ 22,150	\$ 158,728
Proceeds from units issued (note 36)	35,205	0	35,205
Units issued through distribution reinvestment plan (note 36)	32	0	32
Issuance costs (notes 26, 36)	(653)	0	(653)
Income (loss) and comprehensive income (loss) for the year	669	(984)	(315)
Distribution to non-controlling interest (note 35)	0	(392)	(392)
Redemptions (note 36)	(19,991)	0	(19,991)
Distributions paid	<u>(32)</u>	<u>0</u>	<u>(32)</u>
<b>CLOSING BALANCE - December 31, 2024</b>	<u>\$ 151,808</u>	<u>\$ 20,774</u>	<u>\$ 172,582</u>

**SKYLINE CLEAN ENERGY FUND**

**CONSOLIDATED STATEMENT OF INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)**

**FOR THE YEAR ENDED DECEMBER 31, 2025**

(in thousands of Canadian dollars)

	<b>2025</b>	<b>2024</b> (note 38)
<b>INCOME</b>		
Solar revenue	\$ 40,322	\$ 40,735
Biogas revenue	33,163	16,918
Other income	326	1,714
	<u>73,811</u>	<u>59,367</u>
<b>DIRECT OPERATING EXPENSES</b>		
Utilities	2,394	2,525
Insurance	1,477	1,528
Amortization (notes 6, 7, 8, 9, 10, 28)	27,248	25,181
Operations and maintenance fees (note 26)	1,031	1,009
Management fees	0	341
Property tax	480	485
Royalty expense	10	11
Other direct operating expenses (note 26)	15,599	10,908
	<u>48,239</u>	<u>41,988</u>
<b>NET OPERATING INCOME</b>	<u>25,572</u>	<u>17,379</u>
<b>OTHER EXPENSES (INCOME)</b>		
Share of net loss (income) from investments (notes 12, 13)	196	(726)
Financing costs (notes 26, 30)	12,821	16,696
Administrative expenses (note 26)	3,496	3,192
Asset management fees (note 26)	1,335	1,214
Property management fees (note 26)	514	507
Wealth management fees (note 26)	875	716
Interest income	(1,368)	(1,107)
	<u>17,869</u>	<u>20,492</u>
<b>INCOME (LOSS) BEFORE UNDERNOTED</b>	<u>7,703</u>	<u>(3,113)</u>
Warranty income	3,083	0
Income tax recovery (provision)	1	(176)
Unrealized (loss) gain on swap agreements (note 24)	(365)	376
Foreign exchange loss	(11)	(11)
Loss on remeasurement of equity in joint ventures	0	(94)
Loss on disposal of assets	(145)	(3)
Remeasurement gain on carbon offset and CFR credits	0	3,505
FortisBC metering adjustment	0	(799)
Unrealized gain on investment in equity securities (note 14)	966	0
	<u>3,529</u>	<u>2,798</u>
<b>INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS) for the year</b>	<u>\$ 11,232</u>	<u>\$ (315)</u>
Net income (loss) attributable to:		
Unitholders	\$ 10,932	\$ 669
Non-controlling interests (note 35)	300	(984)
Net income (loss) and comprehensive income (loss)	<u>\$ 11,232</u>	<u>\$ (315)</u>

See notes to the consolidated financial statements

**SKYLINE CLEAN ENERGY FUND**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**  
(in thousands of Canadian dollars)

	<b>2025</b>	<b>2024</b> (note 38)
<b>CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>		
Income (loss) and comprehensive income (loss) for the year	\$ 11,232	\$ (315)
Items not requiring an outlay of cash		
Amortization (notes 6, 7, 8, 9, 10)	27,200	25,135
Amortization of financing costs (note 30)	723	692
Accretion on decommissioning liability (note 28)	48	46
Unrealized gain on investment in equity securities (note 14)	(966)	0
Unrealized (loss) gain on swap agreements (note 24)	365	(376)
Loss on disposal of assets	145	3
Loss on remeasurement of equity in joint venture	0	94
Remeasurement gain of carbon offset and CFR credits	0	(3,505)
Share of net loss (income) from investments (notes 12, 13)	196	(726)
Interest rate swap payments (note 24)	257	1,301
Financing costs in operations (note 30)	12,098	16,004
Unamortized government assistance recognized in income (note 29)	(538)	(584)
Derecognition of loan receivable transaction costs to income (note 16)	160	0
	<u>50,920</u>	<u>37,769</u>
Changes in non-cash working capital		
Accounts receivable (note 19)	(735)	145
Short term investments (note 20)	32	2,365
Inventories (note 17)	3,224	(44)
Other assets (note 18)	(4,642)	1,459
Accounts payable and accrued liabilities (note 27)	(1,728)	(416)
	<u>47,071</u>	<u>41,278</u>
<b>CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES</b>		
Due to/from related parties (note 26)	(2,987)	924
Note payable proceeds, net of repayments (note 23)	(2,418)	(10,866)
Loans payable proceeds, net of repayments (note 22)	(22,440)	(19,959)
Interest paid on debt (note 30)	(8,598)	(12,080)
Distribution to general partner (notes 26, 30)	(2,770)	(3,484)
Lease payments made on lease liabilities (note 25)	(1,158)	(1,132)
Restricted cash (note 21)	(546)	(347)
Proceeds from units issued (page 6) (note 36)	58,752	35,205
Redemptions (page 6)	(10,583)	(19,991)
Issuance costs (page 6) (note 26)	(1,060)	(653)
Distribution to non-controlling interest (page 6) (note 35)	(150)	(392)
	<u>6,042</u>	<u>(32,775)</u>

**SKYLINE CLEAN ENERGY FUND**  
**CONSOLIDATED STATEMENT OF CASH FLOWS** (continued)  
**FOR THE YEAR ENDED DECEMBER 31, 2025**  
(in thousands of Canadian dollars)

	<b>2025</b>	<b>2024</b> (note 38)
<b>CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>		
Acquired solar assets (note 6)	(2)	0
Additions to solar and biogas assets (notes 6, 7)	(11,033)	(6,868)
Net proceeds on disposal of assets (note 7)	312	0
Proceeds on disposal of investment in joint venture (note 12)	0	2,832
Acquired clean energy contracts (note 8)	(926)	0
Acquired land (note 11)	0	(49)
Loans receivable advanced (note 16)	(543)	(2,958)
Principal payments received on loan receivable (note 16)	169	483
	<u>(12,023)</u>	<u>(6,560)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	41,090	1,943
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	<u>14,081</u>	<u>12,138</u>
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<u>\$ 55,171</u>	<u>\$ 14,081</u>

**SKYLINE CLEAN ENERGY FUND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**  
**(in thousands of Canadian dollars, except per unit amounts)**

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**1. NATURE OF BUSINESS**

Skyline Clean Energy Fund ("SCEF") is an unincorporated, open ended mutual fund trust established under the laws of the Province of Ontario that was created pursuant to a Declaration of Trust dated May 3, 2018.

Skyline Clean Energy Limited Partnership ("SCELP") was created on May 3, 2018 as a limited partnership under the laws of the Province of Ontario. The general partner is Skyline Clean Energy GP Inc. and the majority limited partner is SCEF.

SCEF is domiciled in Ontario, Canada. The address of SCEF's registered office and its principal place of business is 5 Douglas Street, Suite 301, Guelph, Ontario, N1H 2S8.

**2. BASIS OF PRESENTATION**

(a) STATEMENT OF COMPLIANCE

The consolidated financial statements of SCEF for the year ended December 31, 2025 are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The preparation of consolidated financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires Management to exercise judgment in applying SCEF's accounting policies.

The consolidated financial statements are presented in accordance with International Accounting Standard "IAS" 1 - Presentation of Financial Statements. SCEF has elected to present the consolidated statement of income and comprehensive income in one statement.

The consolidated financial statements for the year ended December 31, 2025 were approved for issue by the Board of Trustees on March 25, 2026.

(b) BASIS OF MEASUREMENT

The consolidated financial statements have been prepared on a historical cost basis, as modified by the revaluation of certain financial instruments, as set out in the relevant accounting policies.

(c) FUNCTIONAL CURRENCY AND PRESENTATION

The consolidated financial statements are presented in Canadian dollars, which is also SCEF's functional currency.

SCEF presents its consolidated statement of financial position based on the liquidity method, where all assets and liabilities are presented in the ascending order of liquidity.

**SKYLINE CLEAN ENERGY FUND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**  
**(in thousands of Canadian dollars, except per unit amounts)**

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**2. BASIS of PRESENTATION** (continued)

(d) USE OF ESTIMATES

The preparation of these consolidated financial statements requires SCEF to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of revenue and expenses during the reporting period. Actual outcomes could differ from these estimates. These consolidated financial statements include estimates, which, by their nature, are uncertain. The impact of such estimates is pervasive throughout the consolidated financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimates are revised and the revision affects both current and future periods.

Significant estimates and assumptions include the useful life of solar equipment, structures, biogas equipment and clean energy contracts, the valuation of right-to-use assets and lease liabilities, the valuation of the convertible debenture receivable, the valuation of the investment in equity securities, the valuation of carbon offset credits and CFR credits, the valuation of interest rate swap agreements, the valuation of the decommissioning liability, and the valuation of accounts payable and accrued liabilities.

**3. SUMMARY OF MATERIAL ACCOUNTING POLICIES**

The consolidated financial statements have been prepared in accordance with IFRS and include the following significant accounting policies (and any changes thereto):

**Material accounting policies**

(a) CLEAN ENERGY CONTRACTS

The clean energy contracts give SCEF the ability to participate in the Feed-In Tariff ("FIT") program which allows it to sell electricity generated from its solar and biogas equipment to the Local Distribution Company ("LDC"). The clean energy contracts meet the definition of an intangible asset under IAS 38 - Intangible assets ("IAS 38"). The clean energy contracts are accounted for under the cost model of IAS 38 and are recorded at cost, net of accumulated amortization and/or impairment losses, if any. In accordance with IFRS 15 - Revenue from contracts with customers ("IFRS 15"), amortization is recorded on a straight-line basis at rates designed to amortize the cost of clean energy contracts over the length of the contracts.

(b) PREPAID LEASES

The prepaid leases are agreements that allow SCEF to lease the land from a landlord, to build a structure upon which solar equipment and structures can be installed for the purposes of generating income. The prepaid leases are amortized straight-line over the length of the lease agreement.

**SKYLINE CLEAN ENERGY FUND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)**

(c) LEASES

Under IFRS 16 - Leases ("IFRS 16"), leases are recognized as a right-of-use asset with a corresponding liability at the date of which the leased asset is available for use by SCEF. Each lease payment is allocated between the lease liability and financing costs. The financing cost is charged to the consolidated statement of income (loss) and comprehensive income (loss) over the lease term to produce a constant periodic rate of interest on the remaining balance of the liability for each reporting period. The right-of-use asset is depreciated over the term of the lease agreement on a straight-line basis.

(d) DECOMMISSIONING LIABILITY

A decommissioning liability is recognized at the best estimate of the expenditure required to settle the present obligation at the consolidated statement of financial position date when the liability for a decommissioning liability is incurred and a reasonable estimate of the obligation is determinable. The best estimate of the decommissioning liability is the present value of the amount SCEF would rationally pay to settle the obligation, or transfer it to a third party, at the consolidated statement of financial position date.

When a liability is recognized, a corresponding decommissioning cost is capitalized to the carrying amount of the related asset. The decommissioning cost is amortized over the estimated useful life of the related asset.

SCEF recognizes changes to the liability due to the passage of time in operating expenses, as accretion. Changes due to passage of time are calculated by applying an interest method of allocation using the discount rate used in the original calculation of the decommissioning liability. SCEF recognizes changes to the liability arising from revisions to the timing, amount of expected undiscounted cash flows or discount rate as an increase or decrease to the carrying amounts of the decommissioning liability and the related decommissioning capitalized cost.

(e) REVENUE RECOGNITION

Under IFRS 15, solar and biogas revenue is recognized over time as the related electricity is delivered. SCEF's solar and biogas equipment generates electricity, which is then either sold to the LDC at fixed rates (or initially fixed rates, indexed to inflation), or through the open market in the case of the Lethbridge Biogas facility. The fixed rates are determined by the Independent Electricity System Operator ("IESO") contracts, on a per kilowatt basis. This solar or biogas revenue is recognized at the time the electricity is transferred to the LDC.

Each of SCEF's clean energy contracts contain a distinct performance obligation for the delivery of electricity. Determining what goods or services promised to the customer constitute a distinct performance obligation requires significant judgment. SCEF considered all goods and services promised in its clean energy contracts and determined that, while certain promises do have stand-alone value to the customer, they are not distinct in the context of the contract. SCEF views each kilowatt hour ("kWh") of electricity delivered to be a series of distinct goods that are substantially the same and have the same pattern of transfer to the customer as measured using an output method. The amount that SCEF has a right to bill the customer reflects the pattern of transfer and value of the completed performance to the customer. As a result, SCEF applies the "right to invoice" practical expedient under IFRS 15 to measure and recognize revenue.

**SKYLINE CLEAN ENERGY FUND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)**

(e) REVENUE RECOGNITION (continued)

Revenue from tipping fees and the disposal of organic material is captured in biogas revenue and is recognized upon the receipt or pick up of organic waste from the customer.

Revenue from the sale of renewable natural gas ("RNG") is captured in biogas revenue and is recognized over time as the RNG is delivered. SCEF's biogas equipment generates RNG, which is then sold to the customer at an initially fixed rate, indexed to inflation. The fixed rate is based on the contract with the customer, on a per gigajoule basis.

Revenue from the sale of carbon offset credits and Clean Fuel Regulations ("CFR credits") credits is recognized in biogas revenue when the credits are sold to a customer and control of the credits is transferred to the customer. Revenue is measured based on the transaction price agreed upon with the customer.

In accordance with IAS 20 - Accounting for government grants and disclosure of government assistance, government assistance is deferred and is amortized into revenue at the same basis as the related fixed assets.

(f) SOLAR AND BIOGAS EQUIPMENT

Solar and biogas equipment is utilized to earn solar and biogas revenue, respectively, and is accounted for using the cost model as prescribed under IAS 16 – Property, plant and equipment ("IAS 16"). The equipment is recorded at cost, net of accumulated amortization and/or impairment losses, if any. The cost of solar and biogas equipment includes the cost of replacing part of the solar or biogas equipment and borrowing costs for long term construction projects, if the recognition criteria are met.

Amortization is recorded on a straight-line basis at rates designed to amortize the cost of solar equipment over its estimated useful life. Biogas equipment is amortized on a straight-line basis over its useful life with the exception of the RNG system and processing equipment which use a 20% declining balance method, an anaerobic digester which uses a 9% declining balance method and buildings which use a 5% declining balance method.

(g) STRUCTURES

Structures are used to mount and house the solar equipment that are utilized to generate solar revenue. The structures are accounted for using the cost model as prescribed under IAS 16. The structures are recorded at cost, net of accumulated depreciation and/or impairment losses, if any. The cost of the structures includes the cost of replacing part of the solar equipment and borrowing costs for long term construction projects, if the recognition criteria are met.

Amortization is recorded on a straight-line basis at rates designed to amortize the cost of the structures over their estimated useful lives.

**SKYLINE CLEAN ENERGY FUND**  
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**3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)**

(h) FINANCIAL INSTRUMENTS

SCEF's financial instruments and their respective classification and measurement characteristics, are as follows:

<u>Asset/Liability</u>	<u>Classification/Measurement</u>
Cash and cash equivalents	Amortized cost
Restricted cash	Amortized cost
Short term investments	Amortized cost
Accounts receivable	Amortized cost
Due from related party	Amortized cost
Loans receivable	Amortized cost
Investment in equity securities	Fair value through profit or loss
Convertible debenture receivable	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Due to related parties	Amortized cost
Decommissioning liability	Amortized cost
Note payable	Amortized cost
Loans payable	Amortized cost
Interest rate swap agreements	Fair value through profit or loss

Financial Assets

Financial assets are classified at initial recognition, as either financial assets at fair value through profit or loss ("FVTPL") or amortized cost. Financial assets that give rise to specified payments of principal and interest are carried at amortized cost when they are held to collect contractual cash flows. All other financial assets are carried at FVTPL. When financial assets are recognized initially, they are measured at fair value, plus directly attributable transaction costs for those financial assets not subsequently measured at fair value.

SCEF's financial assets are derecognized only when the contractual rights to the cash flows from the financial asset expire or substantially the entity loses control of all or part of the assets.

SCEF's financial assets that are classified as amortized cost include cash and cash equivalents, restricted cash, short term investments, accounts receivable, due from related party, loans receivable, and convertible debenture receivable. They are initially recognized at fair value and subsequently measured at amortized cost less provision for impairment.

**SKYLINE CLEAN ENERGY FUND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)**

(h) FINANCIAL INSTRUMENTS (continued)

Financial Assets (continued)

Provision for impairment is made based on the simplified expected credit loss ("ECL") model. Under the simplified ECL model, SCEF estimates lifetime expected losses for its receivables at each consolidated statement of financial position date based on available information. To measure the expected losses, amounts receivable are grouped based on days past due. The results of the simplified ECL model are used to reduce the carrying amount of the financial asset through an allowance account, and the changes in the measurement of the allowance account are recognized through the profit and loss. Bad debt write-offs occur when SCEF determines collection is not possible. If, in a subsequent period, the impairment loss decreases and the decrease can be related objectively to an event occurring in the subsequent period, the impairment loss is reversed to no more than its previous carrying amount by adjusting the allowance. The reversal is recognized through profit and loss. Impaired receivables are derecognized when they become uncollectible.

Financial Liabilities

Financial liabilities are classified at initial recognition as either financial liabilities at fair value through profit and loss or amortized cost, as appropriate. A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires.

SCEF's financial liabilities classified as amortized cost include accounts payable and accrued liabilities, due to related parties, decommissioning liability, note payable, and loans payable. These financial liabilities are measured initially at fair value and subsequently at amortized cost. The fair value of a non-interest bearing liability is its discounted payment amount. If the due date of the liability is less than one year, discounting is omitted.

(i) INCOME TAXES

SCEF qualifies as a mutual fund trust pursuant to the Income Tax Act. Under current legislation, a mutual fund trust is entitled to deduct distributions of taxable income such that it is not liable to pay income taxes provided its taxable income is fully distributed to unitholders. SCEF intends to continue to qualify as a mutual fund trust and to make distributions not less than the amount necessary to ensure that SCEF will not be liable to pay income taxes.

(j) FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions. In estimating the fair value of an asset or a liability, SCEF considers the characteristics of the asset or liability that market participants would take into account when pricing the asset or liability at the measurement date.

Assets and liabilities measured at fair value in the consolidated statement of financial position are categorized by level according to the significance of the inputs used in making the measurements. The levels of inputs are defined as follows:

**SKYLINE CLEAN ENERGY FUND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**  
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**3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)**

(j) FAIR VALUE MEASUREMENT (continued)

Level 1 inputs

Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 inputs

Inputs other than quoted prices (included within Level 1) that are observable for the asset or the liability, either directly or indirectly.

Level 3 inputs

Unobservable inputs for the asset or liability.

SCEF's policy is to recognize transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

SCEF assesses fair value of its investment in unlisted securities using International Private Equity and Venture Capital Valuation Guidelines (IPEV). The fair value of unlisted equity investments is determined using the most appropriate of the valuation methodologies set out in the guidelines.

The valuation methodology preferred by SCEF is the 'price of recent investment'. Given the nature of SCEF's investment in start-up and early-stage companies, where there are often no current and no short-term future earnings or positive cash flows, it can be difficult to determine the probability and financial impact of the success or failure of development or research activities and to make reliable cash flow forecasts. Consequently, the most appropriate approach to determine fair value is the 'price of a recent investment'.

Where SCEF considers the 'price of recent investment', unadjusted, no longer represents fair value and there are limited or no comparable companies or transactions from which to infer value, SCEF carries out an enhanced assessment based on milestone analysis and/or industry and sector analysis. Reductions or increases in fair value are recorded if the carrying amount exceeds/is less than the fair value of the investment in equity securities in the consolidated statement of income (loss) and comprehensive income (loss) in the year identified.

(k) JOINT ARRANGEMENTS

In accordance with IFRS 11 – Joint arrangements ("IFRS 11"), SCEF has investments over which SCEF has joint control and whereby the parties that share joint control have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

Investments in joint ventures are accounted using the equity method. Under the equity method, the investment is carried on the consolidated statement of financial position at cost, adjusted for SCEF's proportionate share of post-acquisition profits and losses and for post-acquisition changes in excess of SCEF's carrying amount of its investment over the net assets of the equity accounted investments, less any identified impairment loss. SCEF's share of profits and losses is recognized in the consolidated statement of income (loss) and comprehensive income (loss).

**SKYLINE CLEAN ENERGY FUND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)**

(l) INVENTORIES

Inventories includes supplies that are to be used in the production of solar and biogas revenue and are held at the lower of cost and net realizable value, where cost is based on the first-in, first-out allocation method. Carbon offset credits and CFR credits are held at the lower of cost and net realizable value, where cost includes a proportion of production overheads based on the normal operating capacity.

(m) INVESTMENTS IN ASSOCIATES

In accordance with IAS 28 - Investments in associates ("IAS 28"), SCEF has investments over which SCEF has significant influence. Generally, SCEF is considered to exert significant influence when it holds more than a 20% interest in an entity or partnership. However, determining significant influence is a matter of judgment and specific circumstances. The financial results of SCEF's investments in associates are included in SCEF's consolidated financial statements using the equity method, whereby the investment is carried on the consolidated statement of financial position at cost, adjusted for SCEF's proportionate share of post-acquisition profits and losses and for post-acquisition changes in excess of SCEF's carrying amount of its investment over the net assets of the equity accounted investments, less any identified impairment loss. SCEF's share of profits and losses is recognized in the consolidated statement of income (loss) and comprehensive income (loss).

(n) LAND

In accordance with IAS 16, land is recorded at cost.

(o) CASH AND CASH EQUIVALENTS

Cash and cash equivalents are comprised of cash on hand and all highly liquid investments with a term to maturity of three months or less from the date of acquisition. As at December 31, 2025, SCEF held \$3,332 of prime-linked cashable guaranteed investment certificates ("GICs"), at variable interest rates ranging from prime minus 2.00% to prime minus 2.25%, and with maturities ranging from September 2026 to December 2026 (2024 - \$nil of prime-linked cashable GICs). The prime-linked cashable GICs are redeemable on demand and do not pay interest if cancelled within 29 days of acquisition.

**4. STANDARDS ISSUED BUT NOT YET EFFECTIVE**

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of SCEF's consolidated financial statements are disclosed below. SCEF intends to adopt these standards, if applicable, when they become effective.

## SKYLINE CLEAN ENERGY FUND

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

(in thousands of Canadian dollars, except per unit amounts)

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#### 4. STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)

IFRS 9 and 7 - In May 2024, the IASB issued amendments to IFRS 9 - Financial Instruments and IFRS 7 - Financial Instruments: Disclosures. The amendments clarify the timing of recognition and derecognition for a financial asset or financial liability, including clarifying that a financial liability is derecognized on the settlement date. Further, the amendments introduce an accounting policy choice to derecognize financial liabilities settled using an electronic payment system before the settlement date, if specific conditions are met. The amendments also require additional disclosures for financial instruments with contingent features and investments in equity instruments classified at fair value through other comprehensive income. These amendments are effective for annual reporting periods beginning on or after January 1, 2026. Early adoption is permitted, with an option to early adopt only the amendments related to the classification of financial assets.

IFRS 9 and 7 - In December 2024, the IASB issued amendments to IFRS 9: Financial Instruments and IFRS 7 - Financial Instruments: Disclosures. The amendments have updated the disclosure for purchasers of electricity under power purchase agreements ("PPAs") and hedge accounting requirements for entities that hedge their purchases or sales of electricity using PPAs. These amendments are effective for annual reporting periods beginning on or after January 1, 2026.

IFRS 18 - In April 2024, the IASB issued a new standard, IFRS 18 - Presentation and Disclosure in Financial Statements which will be effective for years beginning on or after January 1, 2027. This new standard will replace IAS 1 - Presentation of Financial Statements, introducing new requirements that are intended to help achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. The recognition and measurement of items in the financial statements will not be impacted by this new standard, but its impact on presentation and disclosure could be pervasive.

IAS 28 - In May 2014, the IASB issued an amendment to IAS 28 - Investments in associates and joint ventures. The amended standard will update the equity method procedures for recognizing the sale or contribution of assets between an investor and its associate or joint venture. The effective date has been deferred indefinitely.

SCEF does not expect any significant impact as a result of these amendments.

#### 5. PRINCIPLES OF CONSOLIDATION

The consolidated financial statements comprise the consolidated financial statements of SCEF and its subsidiary, SCEL P.

Subsidiaries are entities over which SCEF has control, where control is defined as the power to govern financial and operating policies of an entity so as to obtain benefit from its activities. Subsidiaries are fully consolidated from the date control is transferred to SCEF, and are de-consolidated from the date control ceases. Intercompany transactions between subsidiaries are eliminated on consolidation. All subsidiaries have a reporting date of December 31.

**SKYLINE CLEAN ENERGY FUND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**  
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**6. SOLAR EQUIPMENT AND STRUCTURES**

Changes to the carrying amounts of the solar equipment and structures presented in the consolidated statement of financial position are summarized as follows:

	<b>2025</b>	<b>2024</b>
Opening balance	\$ 148,138	\$ 156,221
Additions through purchase of assets	2	0
Additions through capital expenditures	9,643	365
Disposal of assets	(217)	0
Reclassification to inventory	(323)	0
Amortization	<u>(8,504)</u>	<u>(8,448)</u>
Closing balance	<u>\$ 148,739</u>	<u>\$ 148,138</u>

Included in Solar Equipment and Structures are assets under construction with a balance as at December 31, 2025 of \$8,239 (2024 - \$0) relating to site repowering and equipment upgrades; these amounts are not depreciated until the retrofitted assets are available for use.

**7. BIOGAS EQUIPMENT**

Changes to the carrying amounts of the biogas equipment presented in the consolidated statement of financial position are summarized as follows:

	<b>2025</b>	<b>2024</b>
Opening balance	\$ 34,079	\$ 31,369
Additions through capital expenditures	1,390	6,503
Disposal of assets	(140)	0
Amortization	<u>(4,154)</u>	<u>(3,793)</u>
Closing balance	<u>\$ 31,175</u>	<u>\$ 34,079</u>

**8. CLEAN ENERGY CONTRACTS**

Changes to the carrying amounts of the clean energy contracts presented in the consolidated statement of financial position are summarized as follows:

	<b>2025</b>	<b>2024</b>
Opening balance	\$ 124,165	\$ 136,519
Additions through purchase of assets	2,426	0
Disposals and remeasurements	0	(96)
Amortization	<u>(12,385)</u>	<u>(12,258)</u>
Closing balance	<u>\$ 114,206</u>	<u>\$ 124,165</u>

During the year, additions to clean energy contracts were partially funded through the issuance of 81,081 Class A units (note 36) at a transaction price of \$18.50 per unit, representing the fair market value of the units at the date of issuance. Total consideration for the units issued was \$1,500, which was applied directly toward the acquisition of clean energy contracts.

**SKYLINE CLEAN ENERGY FUND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**  
(in thousands of Canadian dollars, except per unit amounts)

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**9. PREPAID LEASES**

Changes to the carrying amounts of the prepaid leases presented in the consolidated statement of financial position are summarized as follows:

	<b>2025</b>	<b>2024</b>
Opening balance	\$ 1,115	\$ 1,206
Amortization	<u>(90)</u>	<u>(91)</u>
Closing balance	<u>\$ 1,025</u>	<u>\$ 1,115</u>

**10. RIGHT-OF-USE ASSETS**

Changes to the carrying amounts of the right-of-use assets presented in the consolidated statement of financial position are summarized as follows:

	<b>2025</b>	<b>2024</b>
Opening balance	\$ 8,086	\$ 8,427
Adjustment due to lease term extension	0	204
Additions through purchase of assets	387	0
Remeasurements and modifications	1,679	0
Amortization	<u>(2,067)</u>	<u>(545)</u>
Closing balance	<u>\$ 8,085</u>	<u>\$ 8,086</u>

**11. LAND**

Changes to the carrying amounts of the land presented in the consolidated statement of financial position are summarized as follows:

	<b>2025</b>	<b>2024</b>
Opening balance	\$ 10,106	\$ 10,057
Additions through capital expenditures	<u>0</u>	<u>49</u>
Closing balance	<u>\$ 10,106</u>	<u>\$ 10,106</u>

**SKYLINE CLEAN ENERGY FUND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**12. INVESTMENT IN JOINT VENTURE**

As at December 31, 2025, SCEF is not invested in any joint ventures. SCEF sold its last investment in joint ventures on June 24, 2024.

Changes to the aggregate carrying value of SCEF's investment is summarized as follows:

	<b>2025</b>	<b>2024</b>
Opening balance	\$ 0	\$ 2,433
Proceeds (net of selling costs) on disposition of investment in joint venture	0	(2,832)
Loss on sale of investment in joint venture	0	(3)
Share of net income	<u>0</u>	<u>402</u>
Closing balance	<u>\$ 0</u>	<u>\$ 0</u>

The following details SCEF's share of the limited partnership's aggregated results of operations accounted for under the equity method:

**For the year ended December 31, 2024:**

	SunE Sky Erie Ridge LP
Solar revenue	\$ 1,050
Operating expenses	<u>401</u>
<b>Net operating income</b>	649
Other expenses	<u>(247)</u>
<b>Net income</b>	<u>\$ 402</u>

**13. INVESTMENT IN ASSOCIATE**

As at December 31, 2025, SCEF has significant influence over one associate.

Changes to the aggregate carrying value of SCEF's investment is summarized as follows:

	<b>2025</b>	<b>2024</b>
Opening balance	\$ 2,104	\$ 1,780
Share of net (loss) income	<u>(196)</u>	<u>324</u>
Closing balance	<u>\$ 1,908</u>	<u>\$ 2,104</u>

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**13. INVESTMENT IN ASSOCIATE (continued)**

The following details SCEF's share of the associate's aggregated assets, liabilities, and results of operations accounted for under the equity method

**As at December 31, 2025 and December 31, 2024:**

	<b>2025</b>	<b>2024</b>
Non-current assets	\$ 189	\$ 199
Current assets	<u>1,723</u>	<u>1,913</u>
<b>Total assets</b>	<b>1,912</b>	<b>2,112</b>
Non-current liabilities	0	0
Current liabilities	<u>4</u>	<u>8</u>
<b>Net equity</b>	<b><u>\$ 1,908</u></b>	<b><u>\$ 2,104</u></b>

**For the year ended December 31, 2025 and December 31, 2024:**

	<b>2025</b>	<b>2024</b>
Revenue	\$ 98	\$ 537
Operating expenses	<u>2</u>	<u>2</u>
<b>Net operating income</b>	<b>96</b>	<b>535</b>
Other expenses	<u>(292)</u>	<u>(211)</u>
<b>Net (loss) income</b>	<b><u>\$ (196)</u></b>	<b><u>\$ 324</u></b>

**14. INVESTMENT IN EQUITY SECURITIES**

On April 25, 2025, SCEF exercised an option to convert a \$2,000 convertible loan with Liquor Labs Incorporated (note 16) and \$211 of accrued interest receivable into 928,691 Class B preferred shares of DD Biofuel Incorporated, a waste-to-ethanol business. The Class B preferred shares represent a 10.08% equity stake in the business on a fully diluted basis.

	<b>2025</b>	<b>2024</b>
Balance at the beginning of the year	\$ 0	\$ 0
Additions through conversion of convertible loan (note 16)	2,211	0
Change in fair value of investment in equity securities	<u>966</u>	<u>0</u>
Balance at end of the year	<b><u>\$ 3,177</u></b>	<b><u>\$ 0</u></b>

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#### 15. CONVERTIBLE DEBENTURE RECEIVABLE

During the year ended December 31, 2021, SCEF paid \$3,040 to purchase convertible debentures from Better Battery Co. Inc. During the year ended December 31, 2022, SCEF purchased an additional \$135 of convertible debentures from Better Battery Co. Inc.. These debentures are convertible between September 1, 2021 and April 1, 2026 at a conversion price of \$10.00 per Class A share, being the ratio of 100 Class A shares per \$1,000 of principal amount of debentures. SCEF has elected not to exercise the conversion option as at December 31, 2025. The debenture bears interest at an annual rate of 9% and has a maturity date of June 30, 2036. Any time following May 1, 2025, SCEF may demand immediate repayment of the loan on any date to be specified in a demand notice. Changes to the aggregate carrying value of SCEF's convertible debenture receivable is summarized as follows:

	<b>2025</b>	<b>2024</b> (note 38)
Opening and closing balance	\$ <u>3,175</u>	\$ <u>3,175</u>

#### 16. LOANS RECEIVABLE

On September 3, 2024, October 21, 2024, December 12, 2024, January 22, 2025, and October 9, 2025, SCEF issued promissory notes to Better Battery Co. Inc. for \$150, \$389, \$213, \$287, and \$250 respectively. The promissory notes bear interest at 9%. The promissory notes have no set terms of repayment. The carrying amount of these loans receivable as at December 31, 2025 is \$1,341 (2024 - \$798).

On April 11, 2024, SCEF issued a \$2,000 loan receivable to Liquor Labs Incorporated. This loan bore interest at 15% and was to mature on April 11, 2026. On April 25, 2025, the loan receivable was amended and restated as a convertible loan. On the same day, the \$2,000 convertible loan and \$211 of accrued interest receivable was converted into 928,691 Class B preferred shares of DD Biofuel Incorporated (note 14). The carrying amount of this loan receivable as at December 31, 2025 is \$nil (2024 - \$2,160).

In addition to the loans receivable noted above, SCEF has eight additional loans receivable issued prior to 2024 of \$288, \$100, \$108, \$117, \$47, \$2,500, \$130, and \$534. The first loan, issued to Cornerstone Renewables Inc., is non-interest bearing with no set terms of repayment. The second, third, fourth, and fifth loans, issued to Better Battery Co. Inc., bear interest at 9% with no set terms of repayment. The sixth loan is a non-interest bearing promissory note to Green Energy Co-operative of Ontario Inc., the holder of the non-controlling interest in N&G LP (note 35), with all distributions to the non-controlling interest to be applied against the principal balance of the loan. The seventh loan, issued to Ruby Farms Inc., bears interest at 4% and is due on demand. The eighth loan, issued to Saugeen First Nation, the holder of the non-controlling interest in 601 Canarctic Solar LP (note 35), bears interest at 15.54% and requires annual blended payments of \$91 to SCEF starting in 2019. This loan will be repaid in 2035. The carrying amount of these loans receivable as at December 31, 2025 is \$3,233 (2024 - \$3,402).

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**16. LOANS RECEIVABLE** (continued)

A breakdown of the loans receivable carrying amount by counterparty is as follows:

	<b>2025</b>	<b>2024</b>
Saugeen First Nation (note 35)	\$ 447	\$ 465
Ruby Farms Inc.	130	130
Better Battery Co. Inc.	1,717	1,174
Green Energy Co-operative of Ontario Inc. (note 35)	1,992	2,143
Cornerstone Renewables Inc.	288	288
Liquor Labs Incorporated (note 14)	<u>0</u>	<u>2,160</u>
Balance at the end of the year	<u>\$ 4,574</u>	<u>\$ 6,360</u>

Changes to the carrying amount of the loans receivable presented in the consolidated statement of financial position can be summarized as follows:

	<b>2025</b>	<b>2024</b> (note 38)
Opening balance	\$ 6,360	\$ 3,885
Loans advanced	537	2,752
Capitalized professional fees	6	206
Loan repayment	(19)	(91)
Conversion to investment in equity securities (note 14)	(2,000)	0
Derecognized transaction costs upon conversion to investment in equity securities	(160)	0
Distribution payable to non-controlling interest, applied to principal balance of loan receivable (note 35)	<u>(150)</u>	<u>(392)</u>
Closing balance	<u>\$ 4,574</u>	<u>\$ 6,360</u>

**17. INVENTORIES**

The components of inventories presented in the consolidated statement of financial position are as follows:

	<b>2025</b>	<b>2024</b>
Parts inventories	\$ 3,938	\$ 3,073
Carbon offset credits inventories	598	1,443
CFR credits inventories	<u>402</u>	<u>3,323</u>
Balance at the end of the year	<u>\$ 4,938</u>	<u>\$ 7,839</u>

The amount of inventories expensed in the year ended December 31, 2025 was \$6,652 (2024 - \$1,544).

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**18. OTHER ASSETS**

The components of other assets presented in the consolidated statement of financial position are as follows:

	<b>2025</b>	<b>2024</b>
Prepaid expenses	\$ 560	\$ 679
Deposits on potential acquisitions	3,500	491
Operating deposits	637	639
Pre-acquisition costs	1,370	111
Development costs	<u>6,053</u>	<u>5,558</u>
Balance at the end of the year	<u>\$ 12,120</u>	<u>\$ 7,478</u>

Subsequent to December 31, 2025, \$630 of deposits on potential acquisitions was returned to SCEF.

**19. ACCOUNTS RECEIVABLE**

The components of accounts receivable presented in the consolidated statement of financial position are as follows:

	<b>2025</b>	<b>2024</b> (note 38)
Solar revenue receivable	\$ 1,255	\$ 1,421
Biogas revenue receivable	2,397	2,913
HST receivable	520	347
Other receivable	1,149	657
Interest receivable	<u>1,853</u>	<u>1,412</u>
Balance at the end of the year	<u>\$ 7,174</u>	<u>\$ 6,750</u>

**20. SHORT TERM INVESTMENTS**

SCEF has zero GICs outstanding as at December 31, 2025 (2024 - one). The carrying value of this investment is \$nil (2024 - \$32). The GIC outstanding as at December 31, 2024 matured in February 2025 and had a rate of 5.44%.

**21. RESTRICTED CASH**

SCEF has seven debt service reserve accounts, nine major maintenance reserve accounts, and one operations and maintenance ("O&M") reserve account in connection with the Nomura bank loan, the Computershare bonds, the PNC bank loan, the Vine Fresh Equitable bank loan and the Hay Solar Equitable bank loan (note 22) issued prior to 2024. The debt service reserves act as additional assurance to the lender and trustee that all repayments will be made in accordance with the credit agreements and trust indenture, as the lender and trustee can direct withdrawals for any debt payment shortfalls from the debt service reserve accounts. Similarly, the lender and trustee can direct withdrawals from the major maintenance reserve and O&M reserve to be applied towards rehabilitation, replacement, maintenance or repairs to the secured solar assets.

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**21. RESTRICTED CASH (continued)**

The components of restricted cash presented in the consolidated statement of financial position are as follows:

	<b>2025</b>	<b>2024</b>
Debt service reserve (note 22)	\$ 4,716	\$ 4,610
Major maintenance reserve (note 22)	5,557	5,127
Operations and maintenance reserve (note 22)	<u>433</u>	<u>423</u>
Balance at the end of the year	<u>\$ 10,706</u>	<u>\$ 10,160</u>

**22. LOANS PAYABLE**

SCEF has the following loans payable outstanding:

- (a) Loan payable to Equitable Bank that is secured by one solar asset (the "Vine Fresh Equitable Bank Loan"). The loan bears an interest rate of 3.827% and matures on March 4, 2033. The agreement with Equitable Bank requires that SCEF maintain a debt service coverage ratio of 1.68:1. SCEF is in compliance with this covenant as at December 31, 2025.
- (b) Loan payable to Equitable Bank that is secured by eighteen solar assets (the "Hay Solar Equitable Bank Loan"). The loan bears an interest rate of 4.058% and matures in September 2036. The agreement with Equitable Bank requires that SCEF maintain a debt service coverage ratio of 1.35:1. As at December 31, 2025, SCEF's debt service coverage ratio is 1.27:1. As a result of not meeting the ratio of 1.35:1, SCEF paid additional funds into the debt service reserve account in 2022.
- (c) Six loans payable to PNC Bank. These loans are secured by six solar assets (the "PNC Bank Loan"). Four loans have interest rate swap agreements (note 24) and bear interest at the CORRA plus 3.36%. One loan has an interest rate swap agreement (note 24) and bears interest at the CORRA plus 3.64%. One loan has a fixed interest at rate of 5.45%. All six loans mature in 2030.
- (d) Loan payable to the general partner of the non-controlling interest of SPN LP 2 (note 35) through its ownership of SPN LP 2 (the "SFN loan"). SCEF is required to make annual blended payments of \$47, with interest charged at 7% annually, to the general partner of the non-controlling interest.
- (e) Non-revolving demand loan payable to the ATB Financial (formerly Alberta Treasury Branch). The loan payable is secured by property, land, a guarantee from Lethbridge Biogas General Partner Inc. and an assignment of claims from SBE LP. The loan payable is repayable in one month instalments. The interest rate is reset at the end of the applicable period at the prevailing CORRA plus 3.30%. The agreement with ATB Financial requires SCEF to maintain a debt service coverage ratio of 1.30:1 and an adjusted working capital ratio of 1.10:1. SCEF is in compliance with both of these covenants as at December 31, 2025.

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#### 22. LOANS PAYABLE (continued)

- (f) Senior secured bonds payable to Computershare Trust Company of Canada (the "Computershare Bonds"). The Computershare Bonds are secured by forty-eight solar assets, bear an interest rate of 5.664%, and mature in December 2037. The Computershare Bonds requires that SCEF maintain a debt service coverage ratio of 1.15:1. SCEF is in compliance with this covenant as at December 31, 2025.
- (g) Loan payable to Daimler Truck Financial Services Canada Corporation that is secured by a vehicle. The loan bears an interest rate of 7.65% and matures in 2028. SCEF is required to make monthly blended payments of \$5. This loan was repaid in June 2025.
- (h) Loan payable to the non-controlling interest of 601 Canarctic Solar LP (note 35). SCEF is required to make annual blended payments of \$91 to the non-controlling interest of 601 Canarctic Solar LP starting in 2019, with interest charged at 15.54%. The loan matures in 2035.
- (i) Four loans payable to Nomura Corp Funding Americas, LLC (the "Nomura bank loan") were assumed as part of the SkyPower Acquisition. These loans are secured by six solar assets. Two loans have interest rate swap agreements (note 24), bear interest at the CORRA plus 2.07% and mature in March 2029 and June 2030. One loan has an interest rate swap agreement (note 24), bears interest at the CORRA plus 1.946% and matures in May 2030. One loan has a fixed interest at a rate of 4.22% and matures in May 2032. In addition to the four loan agreements, there are four letter of credit facilities ("LC facilities") in the amount of \$10,150 (2024 - \$10,150) assumed by SCEF to fund the debt service reserve accounts. These facilities have maturities ranging between February 2026 and December 2026. Under the loan agreements with Nomura, SCEF is, subject to certain conditions, permitted to make semi-annual cash distributions to partners provided that, as of specified calculation dates of June 30 and December 31, the debt service coverage ratio for the immediately preceding 12-month period and the projected debt service coverage ratio for the 12-month period following the calculation date is equal to or greater than 1.15:1.00. As at December 31, 2025, the debt service coverage ratio requirement was met for three of the four loans. For the three loans where the debt service coverage ratio is met, SCEF is eligible to declare and pay distributions in accordance with the loan agreements. For the remaining loan, SCEF is not eligible to declare and pay distributions in accordance with the loan agreement.
- (j) Loan payable to Daimler Truck Financial Services Canada Corporation that is secured by a vehicle. The loan bears an interest rate of 6.70% and matures in 2030. SCEF is required to make monthly blended payments of \$5.

Future minimum principal payments on these debt obligations are as follows:

2026	\$	38,256
2027		21,976
2028		22,842
2029		21,526
2030		18,775
Thereafter		<u>37,264</u>
	\$	<u><u>160,639</u></u>

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**22. LOANS PAYABLE (continued)**

Changes to the carrying amount of the loans payable presented in the consolidated statement of financial position can be summarized as follows:

	<b>2025</b>	<b>2024</b>
Balance at the beginning of the year	\$ <u>182,356</u>	\$ <u>201,625</u>
Proceeds from new debt	256	3,530
Repayment of existing debt	(22,367)	(23,328)
Change in deferred financing costs	<u>(329)</u>	<u>(161)</u>
Total changes from financing cash flows	<u>(22,440)</u>	<u>(19,959)</u>
Amortization of financing costs (note 30)	723	692
Interest expense included in accounts payable and accrued liabilities (note 27)	292	0
Interest expense included in operations (note 30)	8,570	11,432
Interest and financing costs paid	<u>(8,862)</u>	<u>(11,434)</u>
Total liability-related charges	<u>723</u>	<u>690</u>
Balance at the end of the year	\$ <u><u>160,639</u></u>	\$ <u><u>182,356</u></u>

**23. NOTE PAYABLE**

As at December 31, 2025, SCEF has zero notes payable (2024 - one). The note payable was due to a minority partner of SkyMar Biogas Holdings LP. This note payable bore interest at 9% and was repaid in February 2025. The carrying amount of this note payable is \$nil (2024 - \$2,418).

**24. INTEREST RATE SWAP AGREEMENTS**

SCEF has entered into various interest rate swap agreements to limit its interest rate exposure from floating to fixed for the terms of certain loans payable. The interest rate swap agreements expire co-terminously upon the maturity of the corresponding loans payable. The notional principal amount of the outstanding interest rate swap agreements at December 31, 2025 was \$36,066 (2024 - \$43,840). The fair value of the interest rate swap agreements as determined by the financial institution is reflected on the consolidated statement of financial position.

	<b>2025</b>	<b>2024</b>
Balance at the beginning of the year	\$ 957	\$ 1,882
Change in fair value of interest rate swap agreements	<u>(622)</u>	<u>(925)</u>
Balance at the end of the year	\$ <u><u>335</u></u>	\$ <u><u>957</u></u>

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**24. INTEREST RATE SWAP AGREEMENTS** (continued)

During the year ended December 31, 2025, the (loss) gain on the interest rate swap agreements was comprised of the following:

	<b>2025</b>	<b>2024</b>
Interest rate swap refunds	\$ 257	\$ 1,301
Change in fair value of interest rate swap agreements	<u>(622)</u>	<u>(925)</u>
Balance at the end of the year	<u>\$ (365)</u>	<u>\$ 376</u>

**25. LEASE LIABILITIES**

Changes to the carrying amount of the lease liabilities presented in the consolidated statement of financial position can be summarized as follows:

	<b>2025</b>	<b>2024</b>
Balance at the beginning of the year	\$ 7,404	\$ 7,892
Additions due to purchase of assets	387	0
Remeasurements and modifications	1,679	0
Adjustment due to lease term extension	0	204
Interest expense (note 30)	604	440
Lease payments	<u>(1,158)</u>	<u>(1,132)</u>
Balance at the end of the year	<u>\$ 8,916</u>	<u>\$ 7,404</u>

SCEF incurs lease payments related to agreements that allow SCEF to lease the land from a landlord, to build a structure upon which solar equipment and structures can be installed for the purposes of generating income. SCEF has recognized lease liabilities in relation to all lease agreements measured at the present value of the remaining lease payments.

The following table details the undiscounted cash flows and contractual maturities of SCEF's lease liabilities as at December 31, 2025:

2026	\$ 1,189
2027	1,175
2028	1,156
2029	1,111
2030	1,112
Thereafter	<u>4,801</u>
Balance at the end of the year	<u>\$ 10,544</u>

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**26. RELATED PARTY TRANSACTIONS**

Due from related parties

Amounts due from related parties are unsecured, non-interest bearing and have no set terms of repayment. All of these entities qualify as a related entity under IAS 24 - Related Party Disclosures ("IAS 24"). The balance consists of the following:

	<b>2025</b>	<b>2024</b>
Due from Anvil Crawler Development Corp.	\$ <u>73</u>	\$ <u>0</u>

Due to related parties

Amounts due to related parties are unsecured, non-interest bearing and have no set terms of repayment. All of these entities qualify as a related entity under IAS 24. The balance consists of the following:

	<b>2025</b>	<b>2024</b>
Due to Skyline Clean Energy Asset Management Inc.	\$ 183	\$ 902
Due to Skyline Wealth Management Inc.	188	80
Due to Skyline Clean Energy General Partner Inc.	<u>2,684</u>	<u>4,987</u>
Balance at the end of the year	\$ <u>3,055</u>	\$ <u>5,969</u>

Asset management fees, property management fees and acquisition fees

SCEF has an asset management agreement with Skyline Clean Energy Asset Management Inc. ("SCEAMI"), an entity that is controlled by a person or persons that qualify as a related person under IAS 24. Fees payable under the asset management agreement are 2% of gross revenue, a property management fee that varies from \$2 per kW DC to \$5 per kW DC, plus an annual flat fee of \$1 to \$3 per asset, and an acquisition fee calculated as up to 1% of the asset value acquired. For the year ended December 31, 2025, SCEF incurred \$1,335 in asset management fees (2024 - \$1,214), \$514 in property management fees (2024 - \$507) and \$42 in acquisition fees (2024 - \$29).

Wealth management fees

SCEF has a wealth management agreement with Skyline Wealth Management Inc. ("SWMI"), an entity that is controlled by a person or persons that qualify as a related person under IAS 24. Fees payable under the wealth management agreement include wealth management fees, payable monthly, equal to 1/12 of 0.3% of the Fund's Class A Equity Under Management (calculated as the product of the outstanding Class A SCEF Units multiplied by the then market value of one SCEF Unit) plus 1/12 of 0.2% of the Fund's Class F Equity Under Management (calculated as the product of the outstanding Class F SCEF Units multiplied by the then market value of one SCEF Unit), and equity raise fees equal to a maximum of 1.5% on the capital raised in offerings of the Fund's Class A and F units plus 1.0% on distribution reinvestment plan ("DRIP") contributions during the year. SWMI may be required to repay all, or a portion of the equity raise fees paid by the Fund in respect of the SCEF units tendered for redemption within two years of the date of issuance. For the year ended December 31, 2025, SCEF incurred \$875 in wealth management fees and \$967 in equity raise fees (2024 - \$716 and \$442 respectively).

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**26. RELATED PARTY TRANSACTIONS (continued)**

Legal and administrative fees

Skyline Private Investment Capital Inc. ("SPICI"), an entity that is controlled by a person or persons that qualify as a related person under IAS 24, provided legal and administrative services. For the year ended December 31, 2025, SCEF incurred \$303 in legal and administrative fees (2024 - \$300).

Operations and maintenance fees

SCEF has operation and maintenance agreements with SCEAMI to provide operations and maintenance services for the solar assets. For the year ended December 31, 2025, SCEF incurred \$215 in operations and maintenance fees (2024 - \$290).

Other direct operating expenses and capital improvements

Anvil Crawler Development Corp. ("ACDC"), an entity that is controlled by a person or persons that qualify as a related person under IAS 24, performs repairs and maintenance and capital improvements on the assets of SCEF. For the year ended December 31, 2025, SCEF incurred \$134 in repairs and maintenance expenses and \$127 in capital improvements costs (2024 - \$139 and \$262 respectively).

SCEF has operation and maintenance agreements with SCEAMI to provide repairs and maintenance services for the solar assets. For the year ended December 31, 2025, SCEF incurred \$151 in repairs and maintenance expenses (2024 - \$179).

Administrative expenses

SWMI provides advertising and promotion services to SCEF. For the year ended December 31, 2025, SCEF incurred \$nil in advertising and promotion fees (2024 - \$5).

SWMI provides software costs to SCEF. For the year ended December 31, 2025, SCEF incurred \$64 in software costs (2024 - \$47).

SPICI provides accounting and finance services to SCEF. For the year ended December 31, 2025, SCEF incurred \$820 in accounting and finance fees (2024 - \$688).

For the year ended December 31, 2025, SCEF incurred \$16 (2024 - \$24) in rent expense to ACDC, \$8 (2024 - \$nil) in rent expense to Caspri Ventures Inc., an entity that is controlled by a person or persons that qualify as a related person under IAS 24, and \$8 (2024 - \$8) in rent expense to SCEAMI.

SCEAMI provides human resources and payroll services to SCEF. For the year ended December 31, 2025, SCEF incurred \$73 in human resources and payroll service fees (2024 - \$77).

For the year ended December 31, 2025, SCEF incurred \$22 (2024 - \$nil) in environmental, social and governance fees to Skyline Enterprises Management Inc., an entity that is controlled by a person or persons that qualify as a related person under IAS 24.

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**26. RELATED PARTY TRANSACTIONS (continued)**

Distribution to partners

Skyline Clean Energy General Partner Incorporated ("SCEGPI") is the general partner of SCEF and is entitled to distributions under the limited partnership agreement. This occurs when SCEF's net income, excluding depreciation and unrealized gain or loss, for a fiscal year is greater than 7.5% of the weighted average retained earnings for such fiscal year. This surplus is shared at a ratio of 20% to the general partner and 80% to the limited partner. A provision for the future distributions payable to SCEGPI has not been recorded since the timing and amount of the distributions payable cannot be reasonably estimated. As at December 31, 2025, the balance owing to SCEGPI is \$2,684 (2024 - \$4,987) which is included in due to related parties. For the year ended December 31, 2025, the distributions accrued were \$2,770 (2024 - \$3,484) (note 30).

**27. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

The components of accounts payable and accrued liabilities presented in the consolidated statement of financial position are as follows:

	<b>2025</b>	<b>2024</b>
Operating accruals	\$ 3,679	\$ 5,437
Interest accruals	1,588	1,446
Other	<u>206</u>	<u>192</u>
Balance at the end of the year	<u>\$ 5,473</u>	<u>\$ 7,075</u>

**28. DECOMMISSIONING LIABILITY**

SCEF is contractually obligated to dismantle and remove the twenty-two solar assets acquired in connection with the NSNW Acquisition at the end of the 20-year FIT contracts. In 2022, in connection with the Balsam Lake acquisition, SCEF is contractually obligated to dismantle and remove the solar asset at the end of its FIT contract. Upon initial recognition of the decommissioning liability, a corresponding amount was capitalized as a decommissioning cost and added to the carrying value of solar equipment.

The components of the decommissioning liability presented in the consolidated statement of financial position are summarized as follows:

	<b>2025</b>	<b>2024</b>
Balance at the beginning of the year	\$ 1,265	\$ 1,219
Accretion	<u>48</u>	<u>46</u>
Balance at the end of the year	<u>\$ 1,313</u>	<u>\$ 1,265</u>

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**29. UNAMORTIZED GOVERNMENT ASSISTANCE**

The components of the unamortized government assistance presented in the consolidated statement of financial position are summarized as follows:

	<b>2025</b>	<b>2024</b>
Balance at the beginning of the year	\$ 5,556	\$ 6,140
Recognized in income	<u>(538)</u>	<u>(584)</u>
Balance at the end of the year	<u>\$ 5,018</u>	<u>\$ 5,556</u>

**30. FINANCING COSTS**

During the year ended December 31, 2025, SCEF paid the following financing costs:

	<b>2025</b>	<b>2024</b>
Interest on loans payable (note 22)	\$ 8,570	\$ 11,432
Interest on lease liabilities (note 25)	604	440
Amortization of deferred financing costs (note 22)	723	692
Interest on notes payable (note 23)	28	648
Distribution accrued to general partner (note 26)	2,770	3,484
Other interest	<u>126</u>	<u>0</u>
	<u>\$ 12,821</u>	<u>\$ 16,696</u>

**31. FAIR VALUE MEASUREMENT**

Assets and liabilities measured at fair value

The fair value hierarchy of assets and liabilities measured at fair value on a recurring basis in the consolidated statement of financial position is as follows:

<b>As at</b>	<b>December 31, 2025</b>			<b>December 31, 2024</b>		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
<b>Assets</b>						
Investment in equity securities	\$ 0	\$ 0	\$ 3,177	\$ 0	\$ 0	\$ 0
Interest rate swap agreements	<u>0</u>	<u>335</u>	<u>0</u>	<u>0</u>	<u>957</u>	<u>0</u>
	<u>\$ 0</u>	<u>\$ 335</u>	<u>\$ 3,177</u>	<u>\$ 0</u>	<u>\$ 957</u>	<u>\$ 0</u>

Transfers between levels in the fair value hierarchy are recognized on the date of the event or change in circumstances that caused the transfer. For assets measured at fair value there were no transfers between Level 1, Level 2 and Level 3 assets.

The investment in equity securities is an unlisted equity investment and has been classified as Level 3 within the fair value hierarchy. This asset has been valued using the 'price of recent investment' methodology, which is used for unquoted investments where there has been a funding round, generally within the last twelve months, and uses the price of the most recent investment in determining the fair value of the asset. Where there has been a recent investment by arm's length parties, the price of that investment provides a good indication of fair value.

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**31. FAIR VALUE MEASUREMENT (continued)**

Financial assets and liabilities carried at amortized cost

The fair values of SCEF's cash and cash equivalents, restricted cash, short term investments, accounts receivable, due from related parties, loans receivable, convertible debenture receivable, accounts payable and accrued liabilities, due to related parties and notes payable approximate their carrying amounts due to the relatively short periods to maturity of these financial instruments.

The fair value of SCEF's decommissioning liability and loans payable have been determined by discounting the cash flows of these financial obligations using year end market rates for debt of similar terms and credit risks. The fair value of the loans payable and the decommissioning liability approximate their carrying amounts.

**32. FINANCIAL RISK MANAGEMENT**

Financial risks are risks arising from the financial instruments to which SCEF is exposed during or at the end of the reporting period. Financial risk comprises market risk, credit risk and liquidity risk.

Risk management is carried out by Management and the Board of Trustees of SCEF. Management identifies and evaluates financial risks and the Board provides oversight on overall risk management, including specific areas such as interest rate risk, liquidity and investing policies.

Key financial risk management reports are produced on a monthly basis and key indicators are reviewed by Management and the Board of Trustees of SCEF.

i) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. SCEF's market risks arise from open positions in interest bearing assets and liabilities and its investment in equity securities, to the extent that these are exposed to market fluctuations.

a. Interest rate risk

SCEF is exposed to interest rate risk arising from its variable rate loans payable. As part of its risk management policies, SCEF uses fixed rate loans payable for the majority of its borrowings and has various interest rate swap agreements to limit its interest rate exposure from floating to fixed for the majority of its variable rate loans payable.

SCEF also holds a portion of its cash and cash equivalents, and restricted cash in bank accounts and prime-linked cashable GICs that earn variable interest rates.

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**32. FINANCIAL RISK MANAGEMENT (continued)**

i) Market risk (continued)

a. Interest rate risk (continued)

The following table illustrates the sensitivity of income and equity to a reasonably possible change in interest rates of +/- 1%. The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates.

**As at December 31, 2025**

	Carrying Amount	Partners' Income -1%	Equity -1%	Partners' Income +1%	Equity +1%
<b>Assets</b>					
Restricted cash	\$ 10,095	\$ (101)	\$ (101)	\$ 101	\$ 101
Cash and cash equivalents	<u>48,939</u>	<u>(489)</u>	<u>(489)</u>	<u>489</u>	<u>489</u>
	<u>\$ 59,034</u>	<u>\$ (590)</u>	<u>\$ (590)</u>	<u>\$ 590</u>	<u>\$ 590</u>
<b>Liabilities</b>					
Variable rate loans payable, without interest rate swaps	<u>\$ 17,209</u>	<u>\$ 172</u>	<u>\$ 172</u>	<u>\$ (172)</u>	<u>\$ (172)</u>

**As at December 31, 2024**

	Carrying Amount	Partners' Income -1%	Equity -1%	Partners' Income +1%	Equity +1%
<b>Assets</b>					
Restricted cash	\$ 9,581	\$ (96)	\$ (96)	\$ 96	\$ 96
Cash and cash equivalents	<u>3,051</u>	<u>(31)</u>	<u>(31)</u>	<u>31</u>	<u>31</u>
	<u>\$ 12,632</u>	<u>\$ (126)</u>	<u>\$ (126)</u>	<u>\$ 126</u>	<u>\$ 126</u>
<b>Liabilities</b>					
Variable rate loans payable, without interest rate swaps	<u>\$ 18,547</u>	<u>\$ 185</u>	<u>\$ 185</u>	<u>\$ (185)</u>	<u>\$ (185)</u>

b. Price risk

SCEF is exposed to equity price risk due to uncertainties about future values of its investment in equity securities. SCEF's sensitivity to price risk in regards to this investment cannot be reliably determined due to it being an unlisted early-stage company. SCEF manages equity price risk by continuously monitoring its investment and utilizing its voting rights arising from this investment in its favour.

c. Foreign exchange risk

SCEF is exposed to foreign exchange risk on the investment in associate.

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**32. FINANCIAL RISK MANAGEMENT (continued)**

ii) Liquidity risk

Liquidity risk management entails maintaining sufficient cash and credit facilities available to close out market positions. SCEF ensures flexibility in funding by keeping committed credit lines available, and raising capital from partners when needed. SCEF's liquidity position is monitored on a regular basis by Management.

Financial liabilities and their maturities are as follows:

<b>December 31, 2025</b>	On demand	Less than one year	One to five years	More than five years	<b>Total</b>
Loans payable	\$ 17,209	\$ 0	\$ 37,495	\$ 105,935	\$ 160,639
Due to related parties	3,055	0	0	0	3,055
Decommissioning liability	0	0	0	1,313	1,313
Accounts payable and accrued liabilities	0	5,473	0	0	5,473
	<u>\$ 20,264</u>	<u>\$ 5,473</u>	<u>\$ 37,495</u>	<u>\$ 107,248</u>	<u>\$ 170,480</u>
<b>December 31, 2024</b>	On demand	Less than one year	One to five years	More than five years	<b>Total</b>
Loans payable	\$ 18,547	\$ 0	\$ 10,759	\$ 153,050	\$ 182,356
Notes payable	2,418	0	0	0	2,418
Due to related parties	5,969	0	0	0	5,969
Decommissioning liability	0	0	0	1,265	1,265
Accounts payable and accrued liabilities	0	7,075	0	0	7,075
	<u>\$ 26,934</u>	<u>\$ 7,075</u>	<u>\$ 10,759</u>	<u>\$ 154,315</u>	<u>\$ 199,083</u>

**33. CAPITAL RISK MANAGEMENT**

SCEF's objectives when managing capital are to safeguard the entity's ability to continue as a going concern in order to provide returns for partners, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, SCEF has the ability to adjust the amount of distributions paid to partners, return capital to partners, issue additional units, refinance existing debt or sell investment property to reduce debt.

SCEF monitors capital primarily using a liabilities-to-assets ratio, which is calculated as the amount of total liabilities divided by the amount of total assets within the portfolio. As at December 31, 2025, the liabilities-to-assets ratio was 44% (2024 - 55%).

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**34. SEGMENTED DISCLOSURE**

For the year ended December 31, 2025, the operating results of the Canadian solar assets and the Canadian biogas assets are reviewed regularly by SCEF's management to make decisions about resources to be allocated to the segment and to assess its performance. SCEF's management has chosen to identify the reportable segments based on differences in how energy is generated.

**For the year ended December 31, 2025:**

	Canadian Solar	Canadian Biogas	Total
Income from energy production	\$ 40,322	\$ 33,163	\$ 73,485
Other income	<u>(271)</u>	<u>597</u>	<u>326</u>
Total income	<u>40,051</u>	<u>33,760</u>	<u>73,811</u>
Amortization expense	17,702	9,546	27,248
Other operating expenses	<u>3,720</u>	<u>17,271</u>	<u>20,991</u>
Total direct operating expenses	<u>21,422</u>	<u>26,817</u>	<u>48,239</u>
<b>Net operating income</b>	18,629	6,943	25,572
Share of net loss from investment	196	0	196
Financing costs	11,562	1,259	12,821
Other income and expenses	<u>(575)</u>	<u>1,898</u>	<u>1,323</u>
<b>Net income</b>	<u>\$ 7,446</u>	<u>\$ 3,786</u>	<u>\$ 11,232</u>

**Selected consolidated statement of financial position information for the year ended December 31, 2025:**

	Canadian Solar	Canadian Biogas	Total
Biogas equipment	\$ 0	\$ 31,175	\$ 31,175
Clean energy contracts	53,286	60,920	114,206
Right-of-use assets	8,041	44	8,085
Land	5,570	4,536	10,106
Loans receivable	4,286	288	4,574
Inventories	1,529	3,409	4,938
Other assets	8,118	4,002	12,120
Accounts receivable	4,777	2,397	7,174
Cash and cash equivalents	<u>43,823</u>	<u>11,348</u>	<u>55,171</u>
	<u>\$ 129,430</u>	<u>\$ 118,119</u>	<u>\$ 247,549</u>
Loans payable	\$ 143,202	\$ 17,437	\$ 160,639
Lease liabilities	8,867	49	8,916
Unamortized government assistance	0	5,018	5,018
Due to related parties	2,971	84	3,055
Accounts payable and accrued liabilities	<u>3,181</u>	<u>2,292</u>	<u>5,473</u>
	<u>\$ 158,221</u>	<u>\$ 24,880</u>	<u>\$ 183,101</u>

For the year ended December 31, 2025, all assets and liabilities not otherwise disclosed separately, relate to Canadian solar assets.

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**34. SEGMENTED DISCLOSURE (continued)**

**Additions to non-current assets for the year ended December 31, 2025:**

	Canadian Solar	Canadian Biogas	Total
Solar equipment and structures	\$ 9,645	\$ 0	\$ 9,645
Biogas equipment	0	1,390	1,390
Clean energy contracts	2,426	0	2,426
Right-of-use assets	387	0	387

**For the year ended December 31, 2024:**

	Canadian Solar (note 38)	Canadian Biogas (note 38)	Total (note 38)
Income from energy production	\$ 40,735	\$ 16,918	\$ 57,653
Other income	982	732	1,714
Total income	<u>41,717</u>	<u>17,650</u>	<u>59,367</u>
Amortization expense	15,989	9,192	25,181
Other operating expenses	4,296	12,511	16,807
Total direct operating expenses	<u>20,285</u>	<u>21,703</u>	<u>41,988</u>
<b>Net operating income (loss)</b>	21,432	(4,053)	17,379
Share of net income from investments	(726)	0	(726)
Financing costs	15,028	1,668	16,696
Other income and expenses	2,470	(746)	1,724
<b>Net income (loss)</b>	<u>\$ 4,660</u>	<u>\$ (4,975)</u>	<u>\$ (315)</u>

**Selected consolidated statement of financial position information for the year ended December 31, 2024:**

	Canadian Solar (note 38)	Canadian Biogas	Total (note 38)
Biogas equipment	\$ 0	\$ 34,079	\$ 34,079
Clean energy contracts	57,873	66,292	124,165
Right-of-use assets	8,023	63	8,086
Land	5,570	4,536	10,106
Inventories	928	6,911	7,839
Loans receivable	6,072	288	6,360
Other assets	3,634	3,844	7,478
Accounts receivable	3,797	2,953	6,750
Cash and cash equivalents	12,859	1,222	14,081
	<u>\$ 98,756</u>	<u>\$ 120,188</u>	<u>\$ 218,944</u>

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**34. SEGMENTED DISCLOSURE (continued)**

**Selected consolidated statement of financial position information for the year ended December 31, 2024 (continued):**

	Canadian Solar (note 38)	Canadian Biogas	Total (note 38)
Loans payable	\$ 163,630	\$ 18,726	\$ 182,356
Lease liabilities	7,327	77	7,404
Note payable	2,000	418	2,418
Unamortized government assistance	0	5,556	5,556
Due to related parties	4,857	1,112	5,969
Accounts payable and accrued liabilities	<u>2,458</u>	<u>4,617</u>	<u>7,075</u>
	<u>\$ 180,272</u>	<u>\$ 30,506</u>	<u>\$ 210,778</u>

For the year ended 2024, all assets and liabilities not otherwise disclosed separately, relate to Canadian solar assets.

**Additions to non-current assets for the year ended December 31, 2024:**

	Canadian Solar	Canadian Biogas	Total
Solar equipment and structures	\$ 365	\$ 0	\$ 365
Biogas equipment	0	6,503	6,503

**35. NON-CONTROLLING INTERESTS**

In May 2023, SCEF acquired the 50.9% economic interest of N&G LP from the non-controlling interest. The N&G LP non-controlling interest remains a 50.9% owner and is entitled to distributions, which are to be applied against the principal balance of the promissory note to SCEF (note 16).

The components of non-controlling interests presented in the consolidated statement of financial position are as follows:

	<b>2025</b>	<b>2024</b>
Balance at the beginning of the year	\$ <u>20,774</u>	\$ <u>22,150</u>
14.9985% of SPN LP 2 net loss	(9)	(12)
50.9% of 601 Canarctic Solar LP net loss	(30)	(58)
50.1% of CK Solar Projects LP net income (loss)	129	(65)
50.9% of N&G LP net (loss) income	(439)	146
15% of Nautilus Eagle Lake Solar I LP net loss	(49)	(2)
20% of SkyMar Biogas Holdings LP net income (loss)	<u>698</u>	<u>(993)</u>
Total net income (loss) allocated to non-controlling interest	<u>300</u>	<u>(984)</u>
Distribution to N&G LP non-controlling interest	<u>(150)</u>	<u>(392)</u>
Balance at the end of the year	<u>\$ 20,924</u>	<u>\$ 20,774</u>

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**36. UNITHOLDERS' EQUITY**

SCEF is authorized to issue an unlimited number of Class A and Class F units. Each unit represents an undivided beneficial interest in the distributions of SCEF, whether of net income, net realized capital gains or other amounts, and in the event of a liquidation, dissolution, winding-up or other termination of SCEF, in the net assets of SCEF remaining after satisfaction of all liabilities. As at December 31, 2025, the price per unit for newly issued units and units to be redeemed was \$18.75 (2024 - \$17.20). The units issued and outstanding are as follows:

<b>Class A Units</b>	<b>2025</b>	<b>2024</b>
Units outstanding, beginning of year	11,707,912	11,139,691
Units issued	2,862,932	1,774,033
Units converted to Class F units	(39,985)	(4,031)
Redemptions during the year	<u>(566,630)</u>	<u>(1,201,781)</u>
Units outstanding, end of year	<u><u>13,964,229</u></u>	<u><u>11,707,912</u></u>
<b>Class F Units</b>	<b>2025</b>	<b>2024</b>
Units outstanding, beginning of year	2,049,434	1,724,326
Units issued	419,518	332,443
Distribution reinvestment plan	2,464	1,857
Units converted from Class A units	39,985	4,031
Redemptions during the year	<u>(18,038)</u>	<u>(13,223)</u>
Units outstanding, end of year	<u><u>2,493,363</u></u>	<u><u>2,049,434</u></u>

During the year, the Fund issued 81,081 Class A units as partial consideration for additions to clean energy contracts (note 8). The units were issued at a transaction price of \$18.50 per unit, which represented the fair market value at the date of issuance. Total consideration for the units issued was \$1,500.

**37. COMMITMENTS**

As at December 31, 2025, SCEF has entered into purchase and construction contracts for solar infrastructure upgrades totalling \$10,183 (2024 - \$nil). This amount represents the remaining unpaid balance on contracts for which project approval has been finalized and is expected to be settled during 2026.

**38. COMPARATIVE FIGURES**

Certain figures presented for comparative purposes have been reclassified to conform to the current year's presentation.

**39. SUBSEQUENT EVENTS**

Effective January 1, 2026, the price at which SCEF units are subscribed and redeemed, increased to \$19.28 from \$18.75.



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